

JPRS 78417

30 June 1981

West Europe Report

No. 1774

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

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WEST EUROPE REPORT

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MUNICH DAILY FAVORS NATO SEA-BASED MISSILES

AU170731 Munich SUEDDEUTSCHE ZEITUNG in German 11 Jun 81 p 10

[Article by editorial staff member Christian Potyka: "NATO Complementary Armament Discussion; Under American Pressure: the Rejection of Sea-Based Missiles as an Alternative to the Pershing II is Based on Arguments That are not Altogether Convincing"]

[Text] For a long time, Western military experts have warned against deploying nuclear medium-range weapons aimed at the East on European soil. NATO now is planning to do precisely this within the framework of the so-called complementary armament with Pershing II missiles and cruise missiles. Are the old arguments no longer applicable? Land-based missiles in Western Europe--this is the judgment of experts such as U.S. strategy researcher Robert E. (Osgood), SPD politician Helmut Schmidt or nuclear physicist Carl Friedrich von Weizsaecker--are almost only suitable for a "first strike" and therefore have a provocative effect; they remain extremely vulnerable, in a crisis almost invite preventive attacks of the enemy, and therefore cannot be justified even vis-a-vis one's own population.

"The public view of several dozen nuclear missiles with a strategic range," (Osgood) wrote in 1964, "which are being carted around in Germany or elsewhere on this densely populated continent would--to put it mildly--have a disturbing effect on the mood of the local population as well as on the allies." The consequence drawn from this realization was that land-based missiles belong "to Alaska" (as was stated in a Helmut Schmidt statement which has been frequently quoted in the meantime) or, with reference to the current situation: the complementary arms systems should be stationed in the depths of the sea, on submarines, to deprive them of the first strike nature which is so fatal for both the enemy and their own population--as Weizsaecker demanded about 1 month before the NATO dual decision and as he has repeated in the meantime.

When the philosopher and nuclear physicist on 13 November 1979 presented this proposal to the public at a panel discussion of the Rhine-Neckar Chamber of Industry and Trade in Mannheim, an interlocutor opposed him resolutely--Lt Gen Wolfgang Altenburg, at that time German military representative at the NATO Military Committee. Altenburg knew the subject. He knew with what arguments the Americans had crushed the German delegation's attempts to push for "sea-based" missiles, in the spirit of Helmut Schmidt and certainly also on his order, at the High Level Group (HLG), NATO's board of experts for complementary armaments.

As a loyal NATO officer the general tried in Mannheim to dispel any suspicion of a serious difference of views in the Alliance and fully identified himself with the counter arguments of the Americans which were now to be, so to speak, the view of the Alliance. This episode is typical of the official zeal with which precisely Bonn rejects sea-based missiles for a correction of complementary armament. In doing so, an abundance of arguments are being proffered, some of which are plausible while others are not.

Six Arguments

It was the wish at the HLG, however, to quite deliberately retain the capability of a controlled escalation in the Alliance strategy: this explains the limitation to 572 systems. In addition, efforts were made to enhance the survival capability of the complementary weapons and to reduce their provocative nature by deciding in favor of a combination of missiles and cruise missiles. Thus the cruise missiles, with their lower flying speed, are less suitable for a first strike than the Pershing II, but from NATO's viewpoint these slow systems remain reliable enough to save its own missiles from an Eastern preventive strike. Thus the blend of weapons as understood by the Alliance is deprived of some of its political and military explosive power.

However, all this requires, as does the Alliance strategy as a whole, adversaries and critics who are thinking in (and along) the same categories. But he who is not willing to do this, because he does not believe in the functioning of the system, can make very little of the strategy-bound arguments against sea-based missiles. In addition, there still remain enough controversial technical, military and political points. Strongly schematized, these points can be summed up in six arguments:

First, the objection is made to a rethinking and rearming from the hitherto planned systems to sea-based weapons that such a procedure requires too much time: the new weapons, together with the carriers, would first have to be developed. NATO, with its dual decision, even so, severely was lagging behind the "challenge" of the Soviet medium-range arms, primarily the SS-20 missile. An untying of the complementary arms parcel would jeopardize the entire decision. Second, the new development of weapons would boost financial costs for all the participants.

Third, it is being pointed out that systems on the seas are much more difficult to control by one's own high command; the danger of misunderstandings increases because of the complicated telecommunication situation. Fourth, according to official information the hit accuracy of sea-based missiles is allegedly worse than that of corresponding land-based weapons. Fifth, nuclear shots from the sea allegedly confront the one attacked with an identification problem: how should he know by whom precisely he was attacked? And, sixth, the complementary arms systems must not be hidden with an eye to their own population, so that the deterrent and U.S. commitment to Europe remain credible.

It is not only the last point that makes us fear that the individual arguments are only true within a rather specific context and that, depending on the situation and mood, they can be arbitrarily reversed. In addition, the abundance of arguments feeds the suspicion that the lacking quality of the objections is to be obscured

by their quantity. And indeed it is impossible to unambiguously clarify certain points either in the one or the other direction because ever new arguments are emerging behind the old ones.

The first argument, the reference to the state of technical development of the systems, is not convincing. It endorses the suspicion of those people who maintain that the entire complementary armament project has been largely prompted by the existing weapons projects, and that it is hence largely caused by the dynamics of the arms industry. Is the U.S. arms industry, after a possible rethinking in favor of sea-based weapons, really incapable of quickly delivering suitable new systems in keeping with political perceptions--at least within a time which would be covered by the certainly not rash start of arms control talks? And if the sea-based missiles really result in advantages for all the Alliance partners, then the dual decision could also be newly wrapped up under changed, improved conditions.

After all it would not be necessary to invent an entirely new weapons system. It could be composed of existing component parts. Nuclear submarines have existed for a long time. Hence the costs--and this is the second objection--would not be so enormous after all. Should sea-based weapons be a stabilizing element in a crisis, and should they be to the taste of the public rather than the solution currently under consideration, such rearmament would be worth its cost.

It is more difficult to shatter NATO's arguments Nos three and four. Naturally they too would remain in a certain way dependent on strategy; they fit into the picture of the rapidly controllable escalation capability. One must depend on the experts' knowledge on both points. First, the question that crops up is not only whether specific land-based systems are better, but by how much they are better--and whether the quality loss of sea-based systems (for precisely what purpose?) can still be accepted. Thus, on the one hand there is no doubt that it may be difficult and critical to always maintain reliable communications with submarines, which makes possible unambiguous, quick reactions. On the other hand, however, it is obvious that not only the two superpowers but even nuclear medium-sized powers such as France and Great Britain have found satisfactory solutions to the communication problem between the command center and the nuclear submarine. Hence it seems that this third argument against sea-based missiles is being refuted daily by the practice of the nuclear powers.

One also depends on the knowledge of experts regarding the fourth argument: hit accuracy. Thus far the rule applied in the deterrent calculation is that missiles could be fired from land with greater hit accuracy than from the sea, because the exact position of the "launching pad" at sea could not be surveyed as accurately; because the pad, that is the vessel, was not as stable; and because, finally, firing from water, from an underwater submarine could result in inaccuracies. For these reasons land-based weapons were programmed to hit smaller military targets which are difficult to hit (for a counter force strike [preceding term in English] as the experts say) whereas sea-based missiles were programmed to hit populated centers and industrial areas (counter value [preceding S.Z. ed note in English] (he who requests sea-based missiles also gambles with the hostage function of Eastern cities--regardless of how much he may comfort himself that it is only done as a deterrent.)

It is questionable, however, whether the rule of thumb about the difference in hit accuracy of land and sea-based missiles still applies. In the opinion of insiders the long-distance and automatic control of missiles and warheads has made such progress that the once considerable differences in the hit accuracy of the two systems decreased considerably. One would have to possess detailed technical information in order to accurately decide the issue and one would have to embark on a discussion about the so-called dispersion pattern radius of the two types of missiles.

The concept of circular error probable (CEP) [preceding term in English] is used to define the measure of target accuracy: as a factor of the expected effect on the target. The CEP rating, expressed in meters, refers to the radius of the circle around the target which is to be hit, to which the warhead or nuclear explosive device descends with a probability of 0.5 (!). If a missile, for example, has a CEP rating of 300 it implies that on an average 50 percent of the hits lie within a radius of 300 meters. According to the most recent reports of the federal government, the Soviet SS-20 missile allegedly has such a 300 meter CEP--and this over a distance of up to 5,000 kilometers. American missiles as a rule are even more accurate. Thus the CEP of the Pershing II missile is allegedly up to 10 times smaller than that of the SS-20 missile--over a shorter distance, however.

From all this follows that three questions would have to be clarified in assessing the hit accuracy problem in discussing the advantages of the two types of missiles: what is the CEP rating of the current land-based complementary armament systems? What would be the circular error radius of the sea-based systems? Is the difference in the two values so great that it would have fundamental consequences for the nature of strategy (counterforce/countervalue) [in English]? Only then could one decide which are the advantages or weaknesses of the individual types of missiles and strategy variants.

It is much more difficult to rationally "thoroughly discuss" the issue of the Eastern identification problem--point five in the argumentation catalogue. Too much room is left for conjectures here. He who believes, however, that one must not obscure for the Soviet leadership the unequivocal origin of potential missile shots, forgets that the systems--whether sea- or land-based--remain U.S. weapons in any event. Thus it is left to the discretion of the Soviet Union to decide, after a nuclear strike by the NATO complementary arms systems on Eastern territory, whether it wants to punish the Americans or the Europeans for it--irrespective of where the strike came from. In such an event Moscow would include or exclude Europe and the United States.

The arguments employed regarding the sixth and last point, the problem of the public psychological effect of the two types of missiles, almost seem to have been chosen even more arbitrarily. The fact that in the HLG among the experts--contrary to all earlier objections and to European interests--it was even possible for the principle to assert itself that the complementary armament systems must be as "conspicuous as possible," and thus only land-based, is an indication of American pressure in this body, or at least an indication of how far the experts in the course of their discussion removed themselves from European public opinion.

Thus there is ample suspicion to feed the distrust against the complementary armament decision. Summing up: four of the six arguments against the alternative proposal of sea-based weapons look rather shaky, and two--the aspects of communication links and hit accuracy--have not yet been sufficiently clarified, at least in public discussions.

Sinister Assumption

As long as the rejection of sea-based missiles is only supported by thin arguments, and those in favor of land-based systems are not much better, the auxiliary argument coming from the HLG that calls for a European share in the risk acquires oppressive weight. Then Weizsaecker's sinister assumption becomes more plausible that the planned form of supplementary armament is primarily designed to allow Washington to prevent the Europeans from capitulating in a crisis situation to nuclear extortion from the East--and indeed to enable it to do so virtually without (American) regard for (European) losses.

Against the background of the logically weak but strongly worded rejection of sea-based missiles, it is also necessary to take seriously the warning of Horst Afheldt, Weizsaecker's assistant for many years, who already sees a kind of complementary armament to the complementary armament in the offing for Europe. Because--according to him--even now influential U.S. experts regard the total of 572 complementary armament systems as too low, it is inherent in their logic to demand some day--and with certainty if the Soviet SS-20 and other missile potentials are not reduced--new weapons to secure the jeopardized Pershing II and the cruise missiles on European soil.

These new systems, Afheldt assumes, could then--in accordance with the pattern of the arms race at the strategic level--only be based on submarines. It is because the United States is already thinking of sea-based missiles for complementary armament to the complementary armament that it does not want to waste this option now. According to Afheldt, however, so as to prevent such an arms race and the destabilization connected with it and the additional costs involved, one should make the "final move" now: the less vulnerable and less provocative sea-based systems.

CSO: 3103/336

COMMUNIST MILITANTS, WEAPONS SEIZED IN ADIYAMAN

Istanbul TERCUMAN in Turkish 2 Jun 81 pp 1, 12

[Text] Operations carried out by martial law security forces around the village of Buruncayir in Adiyaman's Besni district have brought to light "shelters and caves in which organization members were hiding," especially prepared by militant members of the illegal, separatist and destructive extreme left Turkish Communist Workers' Party (TKEP). It was revealed that "54 militants (largely top-echelon organization officials), 1 Russian-made rocket launcher, 2 2-projectile rocket launchers [sic], 11 rifles, 12 handguns, 4985 cartridges and explosives, along with numerous implements were seized.

The statement made by the press and public relations branch of the 6th Army Corps Adana, Icel, Kahramanmaraş, Gaziantep, Adiyaman and Hatay Province Martial Law Command runs as follows:

"Operations carried out by the security forces within the Gaziantep (Yavuzeli, Araban), Kahramanmaraş (Pazarcık, Afsin, Elbistan), Adiyaman (Besni) provincial boundaries as of 22 April 1981 were made known to the public on various dates.

"In the successful operations carried out night and day by special security forces in the above regions, the area--including the mountainous areas--was combed inch by inch and, by demonstrating the effectiveness of state power to the region's population, the confidence reposed in the state by the citizenry was further proven [sic].

"As a result of the operations, a well-camouflaged shelter especially set up by members of the illegal, separatist and destructive extreme left organization TKEP (The Turkish Communist Labor Party) was discovered near the village of Buruncayir in Besni district of Adiyaman province. In addition, numerous natural caves were discovered in which militants of the organization were hiding.

"Fifty-four organization members--largely top-echelon officials--were captured in this shelter and these caves. Later, in searches carried out in the special compartments of houses belonging to organization members, in caves in which they were hiding and in other locations which they pointed out, two 120 mm Katyusha type 2-projectile Russian-made rocket launchers were seized. This represents the first time that such highly effective weapons were seized in Buruncayir village of Besni district."

In addition to the abundant quantities of seized weapons, ammunition and supplies announced previously during the course of the operation: "Nine guns of various calibres; 3 machine guns; 3 Kalishnikov automatic rifles of various types; 1 Russian-made automatic rifle; 1 Russian-made rocket launcher; two 120 mm Katyusha type 2-projectile rocket launchers; 4985 pieces of ammunition of various calibres and brands, belonging to the aforementioned weapons; 5 handgrenades of various types; 6 measuring devices of various types; 2 Stra brand walkie-talkies; 1 monitoring phone; 2 pairs of binoculars; 1 radio; 14 anti-personnel mines; 9 demolition blocks; 2 bags of gunpowder; 5.5 kilos of plastic explosives; 31 pieces of gelignite [dinamit lokumu]; and 3 boxes of lead shot were seized.

"Abundant quantities of chemical substances used in the manufacture of explosives; 2 typewriters; 1 mimeograph machine; 1 printing block; 495 electrical primers; 123 handgrenade primers; 6 detonators; 4 sleeping bags were also seized.

"Large quantities of clothing and food; a 1/800,000 scale map of Turkey; a map of Ankara; handwritten documents pertaining to the TKEP and the minutes of the first congress which the TKEP held in Gaziantep's Araban/Karalar village; along with 40 filled voice cassettes were seized as well."

CSO: 4654/33

COAL, ELECTRICITY IMPORTS PLANNED TO EASE TIGHT SUPPLY

Zurich NEUE ZUERCHER ZEITUNG in German 30 May 81 p 23

[Article by gr: "Fuel Reserves Dip Below Acceptable Minimum"]

[Text] Vienna, end of May--As a result of the missing generating capacity of the "rejected" Zwentendorf nuclear power plant Austria is experiencing an increasing power supply shortage. Last year and during the winter of 1980-1981 power supply did not have to be curtailed only because of the higher than average water flow in rivers, because even the oldest thermal power plants were run at capacity at times and because of large power imports and the comparatively small increase in power consumption. Last winter's tight power supply situation is also reflected in a drop of reserve power to 400 to 500 MW or 3 percent of Austria's available generating capacity. The optimum reserve generating capacity is 15 percent and the barely admissible minimum 10 percent.

Increasing Imports

While according to data supplied by the Energie Verwertungsagentur (EVA [energy consumption monitoring agency]), Austria's overall energy consumption in 1980 decreased by 2 percent. Estimates of the Economic Research Institute which exclude power storage fluctuations indicate that energy consumption remained approximately at last year's level. In contrast, power consumption--including pumped storage power and losses--rose by 4.2 (preceding year 1.1) percent to 32.7 billion kWh. About 74 percent of the power generated again came from hydroelectric power plants which produced 3.9 (13) percent more power than in 1979, while thermal power production continued to lag behind further by 23 (16) percent. The use of natural gas rose by 4.8 percent (compared to an 8.2 percent decrease a year ago). The increase in power export was reduced from 17 percent to 6.7 percent (1.7 billion kWh). The state-owned Verbundgesellschaft (central electricity supply company) canceled terminable export agreements concluded with West German customers calling for the supply of 960 million kWh by Danube power plants as of the end of 1983 to have the power available as replacement for winter imports. Power imports, which were somewhat lower in 1979, had to be increased by 11 percent to 3.2 billion kWh.

This year power consumption remained at approximately last year's level as a result of the mild weather prevailing in March and April and the only slight increase in power consumption. But since the trend of replacing oil with electric heat must be expected to continue, especially in private homes, the situation will probably

change and the Verbundgesellschaft expects to have to start operating thermal power plants again in the summer. But for the 1981-1982 winter, even assuming average winter river flow levels, the Verbundgesellschaft expects to have an energy supply shortage of 500 million kWh even with the large pumped storage reservoirs full at the start of winter, and the full exploitation of existing power import contracts and the thermal power plants operating at full capacity. But in the opinion of the chairman of the Verbundgesellschaft additional imports of power amounting to a 30-percent increase of current imports will be required and are already being negotiated. Should 1981 turn out to be a dry year then the energy supply shortage in winter could increase to as high as 1.5 billion kWh.

Still No Replacement for Zwentendorf

Hardly any progress has been achieved in replacing the Zwentendorf power plant. As a result of objections raised last year by environmentalists in connection with emission problems, work on Voitsberg III (brown coal) in West Styria has almost come to a standstill. Of the three planned hard coal burning power plants a building permit has been granted only for the project of the Styrian Landesgesellschaft south of Graz. Construction permits for the two units of the Verbundgesellschaft and the Lower Austrian Nevaq Company in Duernrohr near the site of the nuclear power plant, which were held up by two court appeals by an environmentalist, are expected to be granted before the summer vacations. Should further delays occur then the deadline for the start of operations of the plants planned for the 1984-1985 winter could hardly be met and this would cause a new power supply shortage.

The fate of the lignite-burning Sued Burgenland project also hangs in the balance. So far progress has been stymied by differences of opinion concerning the price of coal. Also the envisioned large Dorfertal-Huben pumped storage project of the Verbundgruppe to be sited in the planned Hohe Tauern National Park (2,600 hectares) on the middle course of the Salzach, the upper reaches of the Drau, on the Danube at Hainburg near the state border and in East Tirol is running into difficulties because of nature lovers and environmentalists.

A Good Year for the Verbundgesellschaft

The Verbundgruppe management is optimistic about Poland's cooperation regarding future deliveries of power. It is counting on the assured yearly delivery of 1.6 billion kWh power by Poland beginning in 1983 and on deliveries of hard coal before the power plants replacing Zwentendorf go into operation. This confidence is not shared by everybody. Therefore, the Verbundgesellschaft is studying the possibility of importing about 500,000 tons of hard coal a year beginning in 1984-1985 and about 1.8 million tons a year beginning in 1990 from overseas as an alternative to the Polish connection. According to the state-owned Voest-Alpine Company, which already possesses coal mining interests in West Virginia, the Verbundgruppe is also interested in going into partnership with a U.S. coal producer.

The above-average high-water levels in rivers prevailing in 1980 have also had a beneficial financial effect for the Verbundgruppe. The revenue surplus from power rose from 495 million schillings to 1.2 billion schillings with 416 million schillings accruing to the Verbundgesellschaft as the leader of the group. Its cash

flow reached 520 million schillings, a new record. The full amount of earnings was left in the enterprise and the group so that the company's share of assets rose again from 24 to 26 percent and that of the group from more than 25 to more than 27 percent. To be able to improve its capital position further the Verbund-
gesellschaft has approached the Pricing Authority of the Ministry of Commerce with a request for a 14.8 percent rate increase as of 1 July and by additional 10 percent as of the start of 1982. Without these increases the 1981 profit of the group would again drop to 500 million schillings.

8664

CSO: 3103/325

SOLAR HEATERS EXHIBITED AT FAIR

Nicosia THE CYPRUS WEEKLY in English 5-11 Jun 81 p 4

(Text)

Cypriot solar heaters shown at the Novi Sad Agricultural Fair in Yugoslavia last month created considerable interest, Mrs Nada Spasic, director of the Yugoslav pavilion, told a press conference. These heaters, she said, could well be a new line of export to her country.

Reviewing trade over the past three years, Mrs Spasic explained that the 30% decline in Cypriot exports to her country was mainly due to stabilisation measures for the trade balance in which Yugoslavia was trying to reduce imports and augment exports.

In spite of this, Cyprus is one of 25 developing countries which will receive preferential treatment. Plans to reverse this unfavourable trend in spite of the current international economic climate, are already under way.

Relations between the two countries will be further enhanced, she said, when Minister of Commerce and Industry Mr. Constantinos Kittis and the president of the Cyprus Chamber of Commerce Mr. Andreas Avraamides go to Belgrade on a four-

day official visit later this month.

A delegation of Cypriot businessmen, who will try to negotiate export contracts on the spot, will accompany them.

Last year Yugoslavia imported 5,000 tons of oranges and 6,000 tons of lemons and grapefruit from Cyprus.

'We are ready to increase this and to diversify imports from Cyprus as much as possible', Mrs Spasic said.

Yugoslavia is also interested in international tenders either in Cyprus or through the island. This will be one of the subjects to be discussed during the visit by Mr. Kittis and Mr. Avraamides. One Cypriot firm has already landed a contract for 2-million dollars worth of Yugoslav high-tension cables to be used in a development project in Iraq.

A direct air link between Belgrade and Larnaca is now a reality, and the first charter aircraft with Yugoslav tourists is due on July 1, with scheduled flights to go into operation 'possibly some time during the summer'.

SVALBARD COAL PRODUCTION FIGURES ANNOUNCED

Oslo **HANDELS OG SJOPARTSTIDENDE** in Norwegian 22 May 81 p 2

[Text] Store Norske Spitsbergen Coal Company Ltd. is planning to ship 37,000 tons of coal this year from Svalbard. Of this, Norske Kokaverk will take between 180,000 and 200,000 tons, while the ferrosilicon industries along the Norwegian coast will purchase 60,000 tons.

Norcem has ordered 35,000 tons for its factory in Kjøpsvik. Private coal importers in northern Norway will take about 20,000 tons. This was reported to **NORGES HANDELS OG SJOPARTSTIDENDE** by ship charterer Bjørn Isaaksen in Store Norske's main office in Bergen.

The company expects a total year's production in 1981 of 380,000 tons. Of this, 80,000 tons will come from the Svea mine, and the rest from Longyearbyen. At present, there are about 55,000 tons of Svea coal that have not been sold yet, but Isaaksen insists that the prices on the world market are rising and that there will be no problems in selling the unsold amount. "We could have sold it today," he says. This coal will probably be sold to continental buyers.

The Year's First

The year's first Svalbard ship, the motor ship "Framnes," recently took on a general cargo and provisions in Bergen, and with this, one expects the beginning of the year's coal-shipping season soon.

The main coal transport from Svalbard is the Kristian Jebsen Shipping Company in Bergen, but part of it, about 25,000 tons, goes with ships of 800 tons displacement size under Store Norske's own command.

Besides some trips between the island group and the mainland of Norway, the motor ship "Framnes" will begin local travel between Longyearbyen and Svea. Approximately 45,000 tons of coal will travel this route for cleansing in Longyearbyen.

9124

CSO: 3108/145

BRIEFS

LIBERAL PARTY OIL VOTE--The Liberal Party's rejection of oil drilling north of 62 degrees latitude has caused problems for the party chairman, Hans Hammond Rossback. Test drilling in Haltenbanken has created great expectations of oil activity in Rossback's home district in More and Romsdal, and now Rossback is doing what he can to get the other parties to see that the drilling activity at Haltenbanken is continued. In Storting circles this has been understood as a campaign by Rossback to see that the other parties do what Venstre does not want done. (Text) [Oslo ARBEIDERBLADET in Norwegian 21 May 81 p 8] 9124

CSO: 3108/145

GREECE'S EEC MEMBERSHIP BOOSTS TRADE

Nicosia THE CYPRUS WEEKLY in English 5-11 Jun 81 p 8

(Text)

Greece's membership of the European Economic Community has created more favourable conditions for the development of trade between Greece and Cyprus, Mr Stephanos Trikilia, director of the Greek pavilion, told a press conference.

Imports from Greece enjoy tariff cuts amounting to 46% as from the beginning of this year, while Greece will reduce by stages the base tariffs on a large number of Cyprus products, starting with a 10% cut from January 1981.

This preferential tariff treatment "increases considerably the competitiveness of Greek and Cypriot products vis a vis products from other countries", Mr Trikilia said.

Greater development

"The increased competitiveness, the close ties between the two countries, lower transport costs, good cooperation between state agencies, Chambers of Commerce and associations, as well as the easy communication between the two countries create the right conditions for a greater development of trade exchanges between Greece and Cyprus".

Trade between Greece and Cyprus last year reached £34.5 m (as against £30.6 m in 1979). Greek exports to the island reached £29.8 m while Cyprus exports stood at £4.7 m.

But Mr Trikilia stressed that Greece ranks second after the UK as the major tourist supplier to Cyprus.

CSO: 4600/27

UPSURGE IN TOURISM REPORTED

Nicosia CYPRUS MAIL in English 7 Jun 81 p 1

(Text)

CYPRUS is expected to have a tourist income of £92 million during the current year, according to a report by the Cyprus Popular Bank.

It anticipates that the island will attract 400,000 tourists plus another 150,000 excursionists (one-day visitors — people 'stopping over' in Cyprus and people from cruise ships) during the year, and the figures appear to be well realizable.

According to data from the Cyprus Tourism Organisation a total of 131,356 tourists arrived in the island during the first five months of the year — till the end of May — as against 107,806 in the same period last year, which is an increase of 21.8 per cent.

The first three months of the year showed only a marginal increase of from 4 to 5 per cent but the month of April showed a spectacular increase of 42 per cent.

During April — the Easter month — the number of visitors this year reached 40,987 as against 28,943 of April last year.

During the month of May 39,673 tourists arrived as against 30,274 in May 1980 and though the increase is not as high as that of April, it still represents 31 per cent up to the May figure of last year.

The Cyprus Popular Bank's report in its latest newsletter stresses the need for prompt

and effective planning both short term and long term to avoid bottlenecks which may impede tourist growth from expanding beyond the half-million tourists mark.

Emphasis

The report envisages a 500,000 target for short term and 600,000 tourists as long term.

if proper emphasis is laid on the prompt solution of fundamental problems arising as tourist activity expands, the half-million tourists target can be attained in the medium term while the level of 600,000 tourists would be feasible as a long-term objective, it says.

It refers to the need of extension of air and sea transport network, regional planning, enhancement of tourist product, cultural activities, conferences, special tourism like ecotourism for the agenda and protection of environment as some of the steps to be taken towards this end.

The report opens with underlining the importance of tourism and its contribution towards bridging the balance of payments gap and strengthening the economy.

CSO: 4600/24

BRIEFS

BOZKURT REPORTS FOREIGN TRADE FIGURES--Lefkosa--In March of 1981, the TFSC's total foreign purchases were 1,146 million TL and foreign sales amounted to 709 million TL. Foreign purchases for the month of March of 1981 are seen to have increased by 102.9 percent compared with the same month of the previous year. This significant increase was occasioned by the TFSC's purchase, in March of 1981, of large quantities of citrus packing boxes, chemical fertilizers, agricultural seeds, and cereals. In March of 1981, foreign sales increased by 60.1 percent by comparison with March of 1980. The reason for the increase was the realization of foreign sales of lamb and goat hides and fleeces in March of 1981. Of the TFSC's total foreign sales for March of 1981, 9.6 percent went to Turkey and 90.4 percent to other countries. [Text] [Nicosia BOZKURT in Turkish 4 Jun 81 p 1]

CSO: 4654/34

OCEAN RESEARCH DIRECTOR DESCRIBES DEVELOPMENT OF FISHING

Reykjavik MORGUNBLADID in Icelandic 21 May 81 p 37

[Interview with Nils Fenbo, director of the alliance of fishing vessel owners in Greenland; date and place not specified]

[Text] Nils Fenbo, the director of "Gronlands Havfiskforening," an alliance of fishing vessel owners in Greenland, was in the country recently.

MORGUNBLADID met with Fenbo and asked when and for what purpose the alliance had been formed.

[Fenbo] The alliance was founded about a year ago in connection with new fishing developments. We have purchased large vessels, trawlers in particular, and a fleet equipped for on-board fish processing, i.e. vessels that can process shrimp and cod. The alliance was founded because of these new fishing developments, and there are other alliances in Greenland that take care of the smaller boats.

[Question] Is your fleet growing steadily in numbers?

[Answer] Yes. During the 3-4 years there have been major developments in fishing in Greenland, especially regarding larger vessels. Simultaneously, there has been this change: many of the products undergo the final processing step for export on board ship. This is a new production method in Greenland, and because of its novelty, foreigners have been hired on the ships, especially Faeroe Islanders and Norwegians, as supervisors.

[Question] Is this one of your major problems?

[Answer] Yes, I would say so. We lack people who are trained in this field, and furthermore, it is important for us to gain knowledge of the oceans and the movements of the stocks. For the time being we fish only for shrimp and cod in Greenland, but there are probably other types of fish that could be utilized. But we lack skill and knowledge in this area.

[Question] Let's turn now to the EEC and Greenland. What is your projection regarding the upcoming elections in February?

[Answer] I expect the same opposition as we had in 1972 when we voted along with Denmark and the votes from Greenland did not count as much. But in February we can choose for ourselves.

[Question] What do you think of the fishing situation in Iceland?

[Answer] I have only acquainted myself with the fishing industry here in Reykjavik, and I have not been here long enough to see a great deal, but I have discovered, among other things, that there is a considerable output of fishing equipment in this country and since the modes of production as well as the technology are highly advanced, there is much to be learned from Icelanders as far as the fishing industry is concerned.

[Question] What is the purpose of your trip to this country?

[Answer] I came here to bring about cooperation in various areas. Decisions have not yet been made as to what form the cooperation will take. We will have to see about that. But we hope we will be able to hold a conference with Icelandic and Faeroese partners after Greenland's position on the EEC is decided in February of next year, in order to lay the groundwork for cooperation in fishing, i.e. after Greenland has withdrawn from the EEC. We hope that will happen in January 1984. I have spoken to the directors of LIU [Association of Icelandic Fishing Vessel Owners]. We discussed fishing off Iceland, production, contracts and the market.

I had a short meeting with the people in the Ministry of Fisheries and discussed with them mainly an urgent problem connected with fishing off the east coast of Greenland that we want to resolve. We catch shrimp and cod there in April and May and we would like to be able to land the shrimp in Iceland instead of sailing all the way back to west Greenland, which takes many days, whereas it takes only 10-12 hours to go to Iceland. From there it would be possible to send the shrimp on freighters to the market in Europe. But Iceland's policy has been to prohibit foreign vessels from docking. We are hopeful, however, and the response we got in the ministry gives us reason to be optimistic about the resolution of this problem next year.

[Question] Have you been to Iceland before?

[Answer] No, this is the first time I have been here and I hope I'll be able to come again and see more and to make more contacts and get to see other towns. Reykjavik is much bigger than our towns. Our largest town is about the size of Akureyri. I think the situation is similar in the smaller towns in Iceland.

[Question] Are you satisfied with your trip to the Faeroe Islands and Iceland or not?

[Answer] The results have been positive both in Iceland and in the Faeroe Islands. Everywhere I went people have been interested in exploring the possibilities for cooperation among these three nations in fishing matters.

With respect to cooperation among our three nations, I would like to mention that we in Greenland are also interested in cooperation with Canada, because they are also making progress in fishing. If cooperation is achieved among our three nations, we think it would be a good idea to include Canada and maybe Norway as well, with an eye towards cooperation among all the North Atlantic countries that are outside the traditional market areas.

8743
CSO: 3111/40

TRADE TRANSACTIONS WITH FINLAND ANALYZED

Athens BUSINESS & FINANCE in English 30 May 81 pp 19, 28

[Text]

On 20th May this year, an information colloquium on Finnish Foreign Trade was held at the Royal Olympic Hotel, by the Finnish Embassy in Athens. It was attended by Greek and Finnish businessmen, industrialists, and government officials, and Aristides Kalantzakos, Greek Minister of Commerce was also present.

In her welcoming address, the Ambassador of Finland in Athens, Mrs Eva-Christina Makelainen outlined the development of relations between Greece and Finland. It was in 1926 that the first bilateral agreement on trade and shipping was concluded between the two countries. The bilateral agreements were renewed regularly, until multilateral agreements were proceeded to in 1961, when both countries became members of GATT, Greece became an associate member of the EC, and Finland an associate member of EFTA. In 1973, Finland signed a bilateral trade agreement with the European Community, and an additional protocol was signed between Finland and the Community when Greece became a full member in January this year.

This protocol liberalised trade - 1/5 of imports from Greece, and 1/3 of exports to Greece, and the remaining duties on industrial goods will gradually be abolished until December 1985. Mrs Makelainen emphasised that the nature of

the trade is such that it concerns necessities rather than luxuries for both receiver countries. With Greece's full membership of the EC, and the free trade system in Western Europe, she said, "there are possibilities to diversify the existing structure. There are many unknown possibilities that so far have been hidden by the obstacles that have now been removed."

Finnish exporters, she said, are ready to explore carefully what the Greek market offers, and Greek exporters are welcome to do the same in Finland. ".....small countries need each other," she said, "and must look in the world of specialisation and competition, for new partners, new areas, and new co-operation models." Positive results could only be achieved through a thorough knowledge of each other's markets and products, the regular exchange of information, and most important in the Ambassador's view, personal contacts at all levels.

In conclusion, the Ambassador stressed the importance of the Embassy in the promotion of trade and trade relations. With trade now such an important part of foreign policy, co-operation and shared knowledge and experience between traders and diplomats is essential.

In his speech, Minister Kalantzakos expressed his admiration for the achievements of the Finnish people, who, he said, "through their love for work and

self discipline, have led your country to a high level of economic and social development." The stabilisation of market conditions in Finland, and the increase of Finnish exports, and the strengthening of the competitiveness of the Finnish economy in general had been the result of a successful government policy, he went on. The Greek economy too, had achieved significant progress in the last fifteen years, but nonetheless there is a substantial deficit in Greek trade with Finland, that amounted to 60 million dollars in the ten-month period from January to October 1980.

"I therefore believe," he concluded, "that we must do our utmost to further encourage the exchanges between our two friendly countries, based on the principle of mutual benefit".

Finland as a Trading Partner

Mr Kaarlo Yrjo-Koskinen, President of the Finnish Foreign Trade Association, gave a review of the structural development of the Finnish Industry, and listed those sectors where trade and co-operation between Greece and Finland could be particularly well developed. These were:

- forest machinery
- mechanical and wood-working technology and machinery
- pulp and paper industries machinery
- mining, ore dressing, and non-ferrous metals technology, machinery and equipment
- power generation and distribution technology with related equipment
- hoisting, transportaion and handling technology and equipment
- shipbuilding technology and ships' equipment
- offshore technology and equipment
- certain fields of electrical industries
- electronics for processing industries and hospitals
- energy saving technology

Mr Paavo Kajander, Commercial Secretary at the Embassy of Finland in Athens, then outlined the facts about trade between Finland and Greece, and the future perspectives. Positioned as the country is away from the central and southern European centres, Finland, he said, has not been directly involved in great historical movements or changes,

but has often been affected by the results of these events. This has enabled the Finns to select those elements that have best suited their political and cultural background. The most natural trading partners of Finland have been the Scandinavian countries, and the rest of Europe.

Following the second world war, Finnish industries had to cope with the difficulties they faced through reconstruction, with both State and public assistance. Because of the lack of sufficient capital at home, large investment programmes had to be implemented with the help of foreign loans. The whole nation, politicians, engineers, architects and workers, applied themselves to this task of reconstruction. Co-operation among the industries and trade organisations was needed, in the promotion of exports, in order to reach markets situated far afield. In 1969, the Finnish Foreign Trade Association was established, to carry out this role. Made up of the industries, the State, and the exporting companies, it today has over 60 trade commissioners in over 30 countries across the world, who act as important links between sellers and clients.

The importance of export-oriented industries in the Finnish Economy, he said, was clearly illustrated by the figures for 1980. In that year, the value of Finnish export was about 13.2 billion

dollars, or about 23% of the Finnish GNP. He pointed out the similarity here with Greece, which is strongly encouraging the export industries.

The volume of trade between Finland and Greece, he said, has not so far been of much importance, and volume has in fact remained relatively stable since 1979. In 1980, Finnish exports to Greece amounted to 80 million US\$ (78 million in 1979) and imports from Greece were 16 million US\$ (17 million in 1979). However, Mr Kajander pointed out, each year there are about 100,000 Finnish tourists which contribute about 37 million US\$ to the net balance of trade in favour of Greece.

At present, the export-import ratio is 5:1 in favour of Finland, largely as a result of the products that Greece imports - high quality products that are used in Greece by industries and services to produce their own goods, which are often exports themselves. The main items are forest industry products, ships, transportation and handling equipment. Finnish imports from Greece are mainly of such agricultural products as fruit, wine, and tobacco, and in minerals, ferronickels. However, Mr Kajander felt that Finland could absorb larger quantities of Greek agricultural produce, and that this could be made possible through even more active promotion and distribution, "provided that the high requirements of clients could be satisfied". All the Scandinavian countries share similar taste and purchasing habits, he pointed out, and the same products could be launched throughout the Scandinavian countries.

Apart from Finnair, the national air carrier, and one shipping company, there are no other Finnish production or marketing operations in Greece. "But there are encouraging signs in this direction," he added, saying that Finnish construction companies in the Middle East are the clients of Greek cement industries, and construction and machinery manufacturers. With Greek membership of the EC, and the increasing competition that this is bringing, some of the Finnish products will be in a less favourable position, because of the higher duties during the transitional period. "But it is hoped that the main structure of the trade could be held and even diversified, to those areas which until now have only been fairly covered."

Concerning the future prospects, Mr Kajander said that worth mentioning were Finnish technology and know-how on mining and metallurgy, shipbuilding, and the establishment of forest industries and reforestation. These were sectors in which Finland was already active in Greece. Experts were also interested in participating in the planning and building of hospitals and medical centres in Greece and energy-producing programmes.

In conclusion, Mr Kajander said: "I would like to emphasise that we would highly welcome any suggestion of bringing our experts around the same table, and investigating item by item the potential of our industrial and commercial operation." A step in this direction will be the visit of the Finnish trade delegation to Greece in September this year.

CSO: 4600/28

EEC ENLARGEMENT TO CREATE DIFFICULTIES FOR AGRICULTURE

Rome RINASCITA in Italian 3 Apr 81 p 14

[Article by Marcello Gorgoni: "Immediate Consequences of EEC Enlargement"]

[Text] Since the European economic integration process was launched, the agricultural interests and the expectations that the individual countries had of them has played a central role in the concrete development of the political process which led to the integration itself. As far as Italy was concerned, the principal argument in favor of the integration with respect to agriculture was sustained by the predominantly Mediterranean character of the same. Being by far, if not the exclusive, undoubtedly the major Mediterranean producer within the EEC, the great hope for our agriculture was to become, as soon as possible, also the largest supplier for other community markets of citrus and other fruits, fresh vegetables and wine. A great hope which had to balance another lot lesser fear for the future of other productive areas, cattle raising more than any other, which were facing strong competition from other European agricultures.

The first enlargement of the EEC, which brought Great Britain, Denmark and Ireland into the community, accentuated the continental, rather than the Mediterranean character, of community agriculture taken as a whole. Italy's peculiar position, for better or for worse, as the major Mediterranean producer, came out even more marked. For better, because the area of potential internal consumption for our most typical products within the EEC became wider, for worse because the political balance moved further to the north.

Until yesterday, therefore, Italian agriculture enjoyed, apparently at least, a position of potential privilege within the EEC. As much for the natural advantages due to the climate, as for those due to production costs, which had to be low, and to the particular availability of the labor force, for a long time it was thought that the Common Market, shielded from the competition of other Mediterranean countries sharing the same climatic advantages and availability of resources but that remained outside the community frontiers, would have absorbed in growing measure Italian citrus and other fruits, vegetables and wine.

Data show that the expectations have been largely frustrated. Not only did the great increase in exports to other EEC countries, which was expected, fail to materialize, but we have been experiencing rather a progressive loss in Italian exports of the principal vegetables and fruit on community market. The expansion experienced since 1973 in wine exports, although considerable, has not altered the general picture.

The reasons for such a modest expansion in Italian exports are at least three: first, the choice which prevailed since the beginning and was always maintained within the community, to activate only weak supporting mechanisms for vegetables and fruit. Such a choice, if justified on the one hand by the necessity of avoiding the danger of creating also in this area the problem of oversupply, fulfilled on the other, much more concretely, the need for additional trade activation in the South. In order to sell manufactured products to those who lacked the oil to pay for them, it was necessary to accept agricultural products in payment, since within the economic structures of these countries, agriculture, particularly that of the Mediterranean area, was one of the few domestic sources available for financing imports. From this viewpoint one can say that the EEC kept widening slowly for some time toward the South, inconspicuously and through a series of preferential agreements. Second, through a policy of heavy fiscal measures on wine consumption, the other countries have severely hindered *de facto* the expansion of our exports, thus protecting the domestic production of beer. Third, if the climatic advantages could remain unchanged, other favorable elements were progressively being eroded due to a natural process of aligning production costs within the EEC, with Italy at an even greater disadvantage due to its particularly inadequate structural situation concerning production and distribution.

In the area of non-Mediterranean products, as feared, the negative effects, instead, have been fully felt. In particular, in the cattle-raising sector, our agriculture has been heavily affected by exposure to the competition of agricultures with more favored conditions, business structures and technological level. Here also, and particularly in cattle-raising more than in other sectors, Italy has fully paid, once exposed to foreign competition, for the basic weakness of too small and fragile a business structure, which led to a progressive weakening in the relation between family and business. Cattle-raising, which in the farming sector relies precisely on this close relationship, has paid a heavy price. For cattle-raising products and feed, Italy has gradually been importing more from abroad and at higher costs, which have been determined by community protectionism.

If in the past there was a creeping enlargement of the EEC toward the south, today this process is about to turn into a broad and obvious enlargement whose implications for our agriculture, although maintaining the same connotation as those of the creeping enlargement, will have a decisively greater weight and will mature in a relatively short time. Since January of this year, Greece is the 10th country to join the European community which becomes, therefore, more Mediterranean and will be even more so in the future with the entry of Portugal and Spain. The same reasons which in the past pushed toward a gradual opening of the EEC in the direction of these countries, and other more general reasons of a political and strategic nature, are now pushing for a completion of the process in a relatively short time. Advantages and disadvantages for the Italian economy certainly cannot be assessed only on the basis of specific sectorial interests, but it is certain, in the light of past experience, that the second EEC enlargement can pose serious difficulties, which must be examined realistically, for an important part of our agriculture.

In view of the size of the three economies and the nature of their agricultures, it immediately appears clear that the crux of the question concerns Spain. The question of the effects that the enlargement may cause Italian agriculture may be

formulated as follows: a) How will the market balances at community level and the pertinent levels of price supports change; b) In what degree, for which products and for which areas will these changes affect Italy and what could the effects be in terms of revenue and employment; c) Which social categories and which farms will be more affected.

a) Sensitive products: the enlargement will produce noticeable changes in the market balances for citrus and other fruits and vegetables, wine and olive oil. For these products it will create, for the Italian production in the short or medium term, an increased competition on European markets. The advantages in which Italy had placed its hopes at the beginning of the Italian integration, in particular those concerning production costs, will now operate, to quite an extent, in favor of the three new competitive agricultures. Spain, particularly some of its products, has a potential advantage in labor costs and also more favorable conditions with respect to both the organization of export markets and production, because it has a business network which is definitely wider than that of Italy. The advantage of the more advanced technology held by Italy is real, but its weight is hard to assess.

As recent facts indicate, it is not realistic to place excessive trust in the possibility of easily maintaining the present modest levels of support for those products which are likely to become in substantially greater supply. A lowering of these levels would exacerbate the competition.

b) The most greatly exposed areas and sectors: the areas most greatly exposed are those in the South, particularly the Campania plains, the Sicilian plains and hills, almost all of Puglia and a large part of Calabria. In these last two cases, olive production, which already is marginally profitable and for which it is not always possible to identify valid alternatives, is a source of particular concern. There are areas, therefore, that for their particular structure and specialization would risk a heavy contraction in revenues and employment, if a fall in prices should occur.

c) Business and social categories most greatly exposed: if the enlargement should cause a worsening in market conditions for Italian farmers, small farms and peasant families would suffer the consequences. In a short period of time they would partially unload the worsening of the market margins on the compensation for the work performed by family members. The short-term effect would, at any rate, be a small contraction in income, and perhaps in production and employment. But in the long run such absorption cannot work and for many smaller and weaker enterprises the alternatives will be either an even more difficult restructuring or total exclusion.

For Italy in general and for the South in particular, the enlargement will also mean that the EEC must bear a greater burden of the interests and worries of less favored regions, because the agricultures of the new member countries, besides being very similar to each other and to Italian agriculture in the Mediterranean sector, are just as similar also in the interior hill and mountain areas, until now pushed progressively to the margin of economic development, but that could now also receive new consideration in consequence of the enlargement. It seems quite natural that the most immediate concerns be directed to products for which there

is competition. But it is a fact that all three countries, far from being totally Mediterranean, have areas of very large continental agriculture, such as Italy and the South, and even more underdeveloped than these. The enlargements, therefore, presents the occasion to put back in motion the planning of a truly Mediterranean policy, as well as a regional development policy, which may be really useful to the most disadvantaged areas. Let's not fool ourselves that this will be easy.

9758

CSO: 3104/260

EEC MEASURES SAID TO HURT TOBACCO INDUSTRY

Rome L'UNITA in Italian 3 May 81 p 7

[Article by Evandro Bray: "And the EEC said: Imported Tobacco Is Better"]

[Text] Lecce--The Italian tobacco industry is once again in the eye of the cyclone, due to the serious restrictive and discriminatory measures which the EEC is planning to adopt. "Eastern" tobacco grown in Puglia (particularly in the Salento peninsula) and in Abruzzo, and the Kentucky variety typical of regions such as Campania, Toscana and Umbria are today in the EEC Commission's line of fire.

What will happen in the near future? Are other varieties going to be singled out as well? What objectives is the EEC aiming at with respect to the entire Italian tobacco industry? These are disconcerting questions that professional organizations and, above all, representatives of the Italian government operating in Brussels cannot help but ask themselves. We want to point out that the tobacco sector is not at all a second rate entity in the total picture of the national economy.

Some data: Italian production is over a million quintals [100,000 tons], represents 70 percent of the community production (before the entry of Greece in the Common Market) and is exported in the measure of over 50 percent, equally divided between community and third countries. "Eastern" tobacco represents 27 percent of the entire production and the Kentucky variety approximately 9 percent.

Focusing, for the time being, our objectives only on Eastern tobacco, (which is, at this time, the hardest hit,) we must keep in mind that it requires a high employment of manpower (approximately 6 million working days for the agricultural phase and over 600,000 working days for the industrial phase) with a salable gross production of approximately 90 billion lire per year.

The EEC, showing lack of concern for the future of such a large manpower force which has no alternate resources, puts on trial Italian eastern tobacco by accusing it of overproduction and inferior quality. It is certainly true that Italy, during the last 10 years, has increased its production, but it is also true that it has marketed, in absolute value, a surplus equal to only 60,000-70,000 quintals [6-7 thousand tons] of products: a quantity absolutely irrelevant compared to the needs of the community. Once again, multinational corporations are the ones who dictate law even within the tobacco industries. And they do not honor the agreements to which they are committed: such as one which should compel them to stock up, giving

priority to tobacco produced within the community. It is interesting to observe, instead, that the community manages to cover more than 20 percent (with the entry of Greece approximately 45 percent) of its needs, and it imports in average from noncommunity countries over 5 billion quintals (5 million tons) of tobacco, sustaining a burden of approximately 2 billion dollars.

It is necessary to point out that within the community the tobacco sector must abide by precise regulations concerning the control of the market, required and sustained essentially by Germany, to avoid the dangers of surpluses should cultivation expand. Unfortunately, these rules are not in effect for butter and cereal surpluses, for which the community--and therefore also Italy--sustains very heavy burdens.

In view of the above, and in instances in which the Intervening Organism (AIMA) is compelled to withdraw from the market unsold quantities in greater number than those established, safeguard measures consisting of the reduction in the price of intervention (namely of the minimum price guaranteed to producers) become operative: all this for the purpose of discouraging [tobacco] growing.

On one hand, therefore, are regulations for containing production within the EEC, and on the other hand incentives to import huge quantities of tobacco from third countries. Great, therefore, are the responsibilities of the community which, instead of worrying about the producers, favors *de facto* the multinationals operating in world markets.

How? The removal of customs duties, for example, for manufacturing firms importing from third countries, has pushed the market from member countries toward other areas of the world, causing serious damage to community products. Today, the EEC, instead of recognizing its errors and doing something about them, is adopting disconcerting measures aimed at damaging the Italian products, obeying the cynical logic of penalizing Mediterranean crops to the advantage of the continental ones. A few questions: what is the purpose of further penalizing the Italian "eastern" production through the triennial "containment," by virtue of which the present quantities assigned to the Intervening Organism should be slowly reduced to little less than one-third, namely from the present 50,000 quintals (6,000 tons) to a maximum of 20,000? What is going to happen to the unsold product that, precisely due to "containment" measures, will no longer be assigned to AIMA? What were the reasons that induced the commission to put into effect earlier, for tobacco, the PAC (Community Agricultural Policy) reform? Had the EEC Council of Ministers not decided to reject the measures connected with the 1981 price package, deferring everything to a PAC plan of reform, as the minister of agriculture, Bartolomei, recently indicated? It is obvious that the thesis of trade interests (multinationals) prevailed over those of production: the measures people have in mind to adopt aim, in effect, at damaging tobacco producers who would earn prices progressively less profitable for their product and offer wide spaces for multiple speculative moves to the multinationals which would continue their colonizing process in the various tobacco regions of the world.

DEMENE-LED ALGERIAN LABOR DELEGATION VISIT TO ITALY DESCRIBED

Rome CONQUISTE DEL LAVORO in Italian 11 May 81 p 14

[Article by C.C.: "Relations Fraternal and Rich in Potential"]

[Text] General Union of Algerian Workers [UGTA] Secretary General Abdallah Demene Debbih and the other Algerian labor leaders met with Pierre Carniti on 24 April. The meeting was marked by very warm cordiality. Carniti emphasized the ICFTU's interest in developing relations with the UGTA and invited Demene to take part in the confederation's congress. The Algerian secretary general expressed keen interest in the Italian situation and in the ICFTU's activities and told Carniti that the visit by the Algerian leaders to Italy has enabled them to appreciate the great resemblance between our two peoples. In this regard, Demene recalled an Algerian proverb: "When a people like mine and yours," he said, "shows determination and is aware of its force and is willing to struggle for its dignity, fate is compelled to kneel before it."

The UGTA delegation, led by Secretary General Demene, were guests of CGIL [Italian General Confederation of Labor]-ICFTU-UIL [Italian Union of Labor] Federation. It was a delegation at the highest level, which included Mohamed Chaa, secretary for international relations; Ouameur Ait Abdelmalek, secretary for organization; and Anmar Hammad, secretary general of the metalworkers and member of the National Executive.

In 4 days of intensive talks and in a number of visits organized according to categories and regions, the Italian labor leaders were able to appreciate the vast potential inherent in relations with their Algerian colleagues.

One of the most dynamic of the developing countries, and an interesting and capable representative of the vast nonaligned world, Algeria owes its current active open-door position in the international markets and in the Mediterranean political ambit largely to a labor leadership which, while defining itself as "an integral part of the people's government," has never lost sight of its role as representative of the workers' interests. This fact made itself felt repeatedly throughout the talks with the Algerian labor leaders; in their interest in the situation of the Italian labor leadership and in the workers' commitment

against inflation; in their dedicated seeking of ways to develop relations with other Mediterranean trade unions; in their determination to pursue the building of stable foundations for making of the *Mare Nostrum* truly "a lake of peace" (as Secretary General Demene reiterated several times).

It is not merely ritual on our part to underscore our vital interest in developing cooperation between the Italian and Algerian trade unions, even beyond the already important ambit of relations between our two countries. Between Italy and Algeria there are not only significant links such as the methane pipeline, the Italo-Algerian Bank, and a consolidated trade "partnership": There exist also not inconsequential potentials for cooperation in various productive sectors. Demene talked of these at some length: "Our countries," he said, "are in many respects complementary: You have the technology and the experience; we have the energy (oil and, above all, natural gas, our deposits of which are among the largest in the world). Ours is an agricultural country with vast natural resources; you too have good possibilities for agricultural development; but both of us must make a technological jump. Why not do it together? Moreover, we have an important role to fulfill in Africa and you can fulfill an important one in Europe: The strengthening of our reciprocal continental positions would not only be advantageous to us as individual states but would also favor, besides the dialogue between us, the Euro-African dialogue, because our complementarity as countries would necessarily involve a complementarity between our two continents."

Demene's dwelling on the theme of "complementarity" has a precise political basis, which is the Algerian labor organization's decision to strive for an ever closer alliance among countries and peoples, through which the concept of a new international economic order would acquire a vehicle for its advancement, in the form of cooperative relations on a parity basis that would effectively prefigure a different world--one of greater fairness and greater equality.

Hence Demene's emphasis on the need to actualize as soon as possible a number of joint projects: In addition to the gas pipeline, in fact, there exist bilateral agreements in the textile sector, in the light metalworking industries sector, and the Fiat project. But let us dwell for a moment on the gas pipeline: The use of methane in Italy (The labor leadership has for some time strived to have the South be the first to benefit from it), its distribution (Can Algerian methane transit Italy to other European and Mediterranean countries? And if so, on what terms and conditions and hence under what cooperative agreements?), and lastly, its price, remain unresolved problems. As to price, Demene is clear: "Algeria asks only a real and fair price for its raw materials and it is therefore out of the question to think in terms of more favorable prices to any one country." Exports of Algerian natural gas last year suffered a sharp drop as a result of the energy minister's requirement that the price of gas be tied to that of oil (on an oil-equivalent basis). This requirement was opposed by El Paso (the American company) and Gaz de France, the first of whom suspended its imports and the second of whom reduced them considerably. Belgium, on the other hand, accepted for the most part last month the "realignment" demanded by Algeria and thus opened the way to an unfreezing of the controversies. On the Italian front, Demene is convinced that an agreement will be reached shortly and that, once the price issue is settled, the outlook for Italo-Algerian cooperation will develop in a positive manner from then on.

The trade unions of the two countries, for their part, during their Rome meeting, drew up their work program for reaching an Italo-Algerian agreement (a labor one, but an "open-door" one) on the cooperation that is to be undertaken in Palermo during the coming fall and winter. A visit to Algiers by the three secretaries general of the CGIL-ICTFU-UIL Federation is also planned and, tentatively, work is under way on the possibility of a meeting involving other Mediterranean organizations as well.

The joint commitment of the Algerian and Italian labor leaders to the self-determination of peoples, to peace, and, in particular, to a political solution of the Middle East conflict, even though based on analytical positions that do not always coincide, is subject to further talks and comparison of views that can bear positive fruits. The Algerian labor leaders emphasized explicitly that the fruitful cooperation which characterized the organization of the Labor Union Conference in Belgrade last year must not be frozen by the "incident" that occurred during the proceedings of the Conference (when, to "protest" against the presence of the Egyptian labor leadership, which had been suspended from the International Confederation of Arab Trade Unions [ICATU], all the labor representatives of the Arabic countries present at the Conference walked out), but that on the contrary it must be given continuation in the form of future, jointly initiated actions, that will bring about genuine improvements for the workers of both our countries.

9399
CSO: 3104/279

PRIVATE POLL FAVORS NUP IN COMING ELECTIONS

Nicosia BOZKURT in Turkish 8 Jun 81 p 1

[Text] Nicosia--According to a poll taken among the citizens by the "Pan News Agency," whose managing editor is Arman Ratip, in the elections to be held on 28 June, the National Unity Party [NUP] will come to power once again, winning at least 21 of the 40 seats in parliament.

"There Are Two Possibilities"

The poll, contained in the news and commentary bulletin published once a month in English by the agency, is centered around two possible outcomes of the general elections: either the NUP, currently in power, will obtain a majority by winning at least 21 of the 40 seats and will return to power, or there will be a coalition government. It is indicated that the coalition government could take the following forms: NUP-CLP [Communal Liberation Party], NUP-CLP-DPP [Democratic People's Party], NUP-DPP, DPP-CLP-RTP [Republican Turkish Party], CLP-DPP, CLP-NUP-RTP, CTP-DPP or NUP-DPP-RTP. The poll notes that the election will be a battle between the rightist National Union Party and the leftist CLP, DPP and RTP. It provides the questions that were asked and the percentages for the answers received.

Questions - Responses

In response to the following question--put to the citizens by the agency's correspondents: "Do you believe that the ruling NUP will win 20 out of the 40 seats in the assembly and return to power?" Fifty percent of the participants answered yes, 39 percent said no and 7 said that they did not know. In response to the question: "Do you agree with the statement: No political party will be able to obtain a majority and a coalition government will be formed?" Forty-eight percent of the citizens answered yes, 49 percent no and 3 percent that they did not know. In answer to a third question, out of 500 persons, 133 envisaged an NUP-DPP coalition, 92 an NUP-CLP coalition, 80 a DPP-CLP-RTP coalition, 75 a CLP-RTP coalition, 61 a CLP-DPP coalition, 24 an NUP-DPP-RTP coalition, 12 an NUP-CTP coalition, 9 an NUP-CLP-DPP coalition and 6 a DPP-RTP coalition. Eight of the participants in the poll answered that they did not know.

CSO: 4654/43

GOVERNMENT DENIES 'COUPIST' CHARGES

Nicosia CYPRUS MAIL in English 6 Jun 81 p 1

[Text]

THE government yesterday rejected the allegations made by the Edek Socialist Party leader Dr Lyssarides during the first session of the new House that it has strengthened the rise of fascism by the alleged entry of coupists in the House.

In this connection the government spokesman said:

«The President of Edek, Dr V. Lyssarides, speaking at yesterday's first session of the House of Representatives, before walking out of the assembly hall thought it fit, inter alia, to repeat his accusations against the Government and to claim that the Government, by its mistakes and omissions and the trampling upon of democratic procedures and through blackmailing, intimidation and unacceptable use of the state mechanism during the electoral period, has strengthened the rise of fascism and led to the present situation which constitutes violation of the people's will.

Principles

«What Dr Lyssarides said about the Government is an insult and is categorically rejected as completely unfounded and having nothing to do with the reality and the truth.

«The Government mechanism and its competent organs functioned in an organised and conscientious manner to secure all the prerequisites for the implementation of the constitutional principles and the democratic and legal procedures for the free exercise of the electoral right of every citizen, regardless of political ideology or party affiliation.

«And all the measures taken

and services used have indeed safeguarded the free exercise of the citizens electoral right. Some 95.72 per cent of the registered voters cast their votes and this is a record.

«And all the measures taken order prevailed during the elections. With the exception of some minor incidents, which took place during the electoral period, mainly during the display of banners and the pasting of slogans of the various political parties, there were no incidents, no clashes or attacks and nothing happened making necessary either the intervention of the security authorities or the taking of any measures by the competent authorities.

«All parties conducted their electoral campaign quite freely was Edek and not fascism and the competent authorities extended every help and facility in the application of democratic and constitutional procedures. In the course of the whole electoral campaign various allegations were made about state organs being used to serve partisan aims. Such allegations were made against not only one party but against also all parties participating in the elections. It was also stated that the Government used the state machinery to serve party interests.

«In repeated statements the Government denied and denies such allegations. During the electoral period some civil ser-

vants belonging to all parties, including Edek, may have participated in the campaign more actively than it was proper, but not to an extent creating a real problem.

We shall not today analyse the reasons for the upsurge of the extreme Right, but definitely one of the reasons for this is the extremism and lack of responsibility and generally the attitude of some who today appear to be concerned and to monopolise patriotism.

«The President of Edek described as state-managed the election of the President of the House of Representatives. The election of the President of the House, which was watched by all the people, took place under the laws and the constitution of the Republic, through the normal submission of a candidacy, its support under the relevant rules and the taking of a vote, in which the majority of the House members voted for Mr Ladas.

Some members voted against him and others chose to walk out of the House at the time of the election. This is the state-management of the collusion?

In a statement Dr Lyssarides said that a characteristic of the first session of the new House is that only his party has felt the need to refer to the occupation of House seats by coupists. For all the others, he alleged, their target was Edek and not fascism.

KLIRIDIS TO RUN FOR PRESIDENT

Nicosia THE CYPRUS WEEKLY in English 5-11 Jun 81 p 3

[Text]

Mr Glafkos Clerides has confirmed that he will be running for President in about 18 months time.

Generally favoured by the West but disliked by the communists, Clerides had for years been regarded as the natural successor to the late President Makarios.

But when Makarios died in 1977, Clerides had already been ousted from the House where he had served as President for 18 years.

That same year he dropped out of the race when President Kyprianou's son was kidnapped, with the result that Mr Kyprianou was returned unopposed.

Comeback

Now, with his Democratic Rally party making an impressive comeback, he has a sounder base to fight for his presidential ambitions.

'I will be running for President in 1983. I will try

very hard, but nothing is certain in politics', Clerides said in an interview for a British newspaper.

Clerides knows quite well that his chances of winning are slim. With 32% of the vote he cannot possibly beat the combined strength of Akel and Diko (nearly 33% and 20% respectively) unless he increases his support further or wins over the communists.

Alliance

In the interview, Clerides did not rule out a possible alliance with President Kyprianou's Diko party in the House.

'There are no indications that the Democratic Rally will collaborate with Diko in the House. But we are always prepared to discuss such collaboration — provided it is on a concrete basis and not just generalities'.

He added that he would be 'very happy to see Diko turning away from Akel'.

Clerides said when the

new House gets down to business, he will propose that 'we should inaugurate a period of meetings between political leaders on both sides'.

Pessimistic

'The object would not be to substitute the roles of the negotiators but to discuss broadly a number of issues which, if solved, would create a better climate in which to negotiate, and to establish further contacts with political leaders on the other side', he said.

Clerides sounded pessimistic about the chances of an early settlement, the way the talks are moving now.

'The gap is too wide to expect immediate progress', he said, and stressed that 'neither side is likely to move from its original position unless it knows how far the other side would move to meet it'.

He believed that a 'new initiative' was needed, which should come from the UN Secretary-General.

CSO: 4600/25

POLITICS OF ARIANE SPACE MISSION VIEWED ANEW

Paris LE MATIN in French 11 May 81 p 12

Article by Louis Morice: "Ariane: Political Whim or Political Rocket?"

Text On several occasions during the election campaign, Valery Giscard d'Estaing alluded to the Ariane rocket as a symbol of a policy oriented towards the future. One recalls that the first launching had already occasioned unwanted VIP travel and had been followed by euphoric official comments which contrasted with the reverse of the engineers and technicians responsible for carrying out the operation. It is also said that those responsible for the launching were somewhat concerned at the beginning of this year that the third launching should take place before May. In fact, the outgoing president announced, between the two rounds (of the election) the possible construction of a French space shuttle, during the next 7-year term... Now that the die is cast, it is fitting that a more lucid examination be made of the future of our space policy.

Yes, the Ariane is a technical success which, we hope, will be confirmed next June, and the technicians and engineers who carried it off are perfectly capable of conceiving more ambitious projects. Furthermore, they must be given the means for accomplishing them. However, the conditions in which the Ariane project has been carried on show that there is no correlation, far from it, between talk and the facts.

As a matter of fact, the technical ups and downs presently affecting the development of the launcher are not solely due to bad luck or chance and it is not surprising that it is in the area of propulsion that difficulties have arisen.

In 1974, when the decision to build the Ariane was made, the credibility of the project rested on the technical skills and savoir faire of the French engineers who, since the end of the war, had been working, with state financing, on the development of different means of propulsion. Although at the beginning political motives were the determining factor--to guarantee the space independence of Europe--the objective was gradually transformed into a commercial competition with the American space shuttle. That could have led to the strengthening of engineering technology.

Having decided, however, to make the technological advances developed during the 1960s profitable over the short term, the French government deliberately favored the launcher development program to the detriment of study and research programs (on launchers and satellites) designed to keep engineering technology up to par. One

details the technical and social difficulties experienced by the workers at the National Center for Space Studies (CNES) in Toulouse. At the time, many research teams were obliged to switch more and more to program administration.

In less apparent but equally concrete fashion, applied research has been abandoned in the area of heavy propulsion and the teams have been broken up to reinforce the development potential of the Ariane. For years, almost exclusive attention had to be given to the development of a launcher "conforming to plan, "without taking care to keep up to standard basic skills needed to counter unforeseen events and to make valid preparation for future programs. For example, the refusal to set up a coherent test program (because it would have been too expensive!) allowing thorough testing of the most recent techniques weighed heavily on the chances of failure of the first flight tests.

Of course, the employment policy adopted by the aerospace industry enterprises followed the same course. Personnel recruitment, tied to increases in labor costs during the development period, was carried out on an interim basis and with indefinite contracts. Among the staff employed in the development of propulsion units, as many as 60 percent were temporary or on a fixed term contract, including some of the engineers and cadres assuming important responsibilities. The present rate of temporary and fixed term contracts at the SEP Vernon still runs at more than 30 percent.

On that account, a large number of the technicians, whose responsibilities included design, realization, or technical control in the period preceding the second launching of the Ariane, are no longer there today, at a time when difficulties encountered are inducing those in charge of the projects to question certain technical choices.

Thanks to the efforts and commitment of the personnel of the enterprises, the fine-tuning program in its present form should be completed under satisfactory technical conditions. But it will be at the cost of barely acceptable working conditions: 38 tests tuning the engines in December and January despite year-end vacations, as compared with 34 between August and October; working in teams day and night so that the third launching can take place in June.

Beyond the short-term objective being pursued today, it is appropriate to consider the problem of what the launcher will be in its future versions, and the conditions in which the engineering technology developed with public funds will be maintained, improved or sacrificed.

To conceive of a space shuttle is a fine idea but sufficient funding must be obtained. Present budgetary commitments only just permit holding to the objectives for future versions of the Ariane.

Moreover, pursuing a policy of indeterminate employment, with the result that at some CNES centers there are as many wage earners without job security as with, leads one to fear an increasing impoverishment of the technical capital of the enterprises. Finally, the deterioration of working conditions coupled with the pursuit of productivity at all costs conduce to the weakening of the quality factor, and at the same time create an unacceptable social situation.

The General Federation of Metallurgy, member of the CPDT (French Democratic Labor Federation), considers that the major choices of space policy should not remain ad hoc arguments governed by the fluctuations of an electoral campaign. They should form the subject of a public debate, in Parliament in particular, since they are financed with public funds, so as to establish: a long term plan determining the objectives to be reached, hence the task of the CNES and the necessary means; a reasonable development policy based on objectives and work schedules consistent with the means implemented; an employment policy relying on staff rather than on the administrative flexibility of the enterprises.

*National security of the FGM-CPDT (General Federation of Metallurgy of the CPDT).
(Trans. note: this must refer to Louis Morice although I am unable to find any corresponding asterisk in the text.)

9824
CSO: 3100/765

PAPER DISCUSSES CHARGES LINKING MARXISTS TO SOVIET SPYING

Reykjavik MORGUNBLADID in Icelandic 30 May 81 p 22

[Editorial: "Soviet Charges"]

[Text] Is it a coincidence that the arguments of the People's Alliance spokesmen, Svavar Gestsson and Olafur Ragnar Grimsson, are the same as those of Lieutenant Belski, who published an article last week in the RED STAR about the defense of Iceland? The answer some people might give to the question would be that Lieutenant Belski, whoever he is, had received the Althing speeches that Svavar Gestsson and Olafur Ragnar Grimsson delivered on 11 May and 15 May, via the Soviet Embassy in Reykjavik.

The lieutenant then wrote his article, based on the speeches, for the 22 May edition of the RED STAR. The message of the People's Alliance concerning Iceland's defense is such that it could well be translated directly for the organ of the Soviet Army to inform its readers that Iceland is a state which the Soviet Union should beware of. This theory cannot be verified because the parts of Gestsson's speech that match Lieutenant Belski's article have not been published. Svavar Gestsson omitted them when he had his speech published in THJODVILJINN. Olafur Ragnar Grimsson's speech has not been published anywhere. Of course, it is conceivable that the Soviet Embassy in Reykjavik received a copy of the speeches in the Althing, where they are transcribed from tapes for publication in the Althing newsletter and for the use of journalists. This is an interesting item for investigation, but it would be preferable if Svavar Gestsson and Olafur Ragnar Grimsson informed us about it personally.

Is it possible, however, that Gestsson and Grimsson obtained their arguments concerning Iceland's defense from the Soviet Embassy in Reykjavik? Would that not be the explanation of the similarity between their speeches and Lieutenant Belski's article? In his speech in the Althing on 11 May, Benedikt Grondal, the former defense minister, stated, among other things: "It is obvious that the underlying tone in the new propaganda offensive by the People's Alliance is support for the Soviet Union and repudiation of the Free World." Lieutenant Belski's article confirms that the military in the Soviet Union is happy about the People's Alliance argument that the "nature" of the defense base in Keflavik has changed. This "change of nature" is the gist of the fear propaganda that the People's Alliance decided to launch at its national meeting in November. In his speech of 11 May, Svavar Gestsson said the following: "The air base in Keflavik is becoming a sort of hub

in the nuclear system in the North Atlantic..." Olafur Ragnar Grimsson said in his speech of 15 May that the defense base in Keflavik had been made "the most crucial part" of the U.S. nuclear weapons system in the North Atlantic." Lieutenant Belski said in his article of 22 May: "It is a dark fact that the Pentagon intends to make the island state one of its nuclear bases in the U.S. defense system."

A delegation from the Althing is now in the Soviet Union. Since the Althing members decided to take this trip, their constituencies are entitled to have them discuss the major issues in relations between the two countries with the leaders they meet with. It is obvious that the interaction of the People's Alliance and the Soviet Government has had the effect that the Soviet Union now finds it suitable to level charges at Iceland. Instead of showing a friendly face, the Soviet propaganda machine bares its fangs when it looks towards Iceland. The Althing members are supposed to find out what is causing this change in policy. They should ask to meet with Lieutenant Belski. They could, for example, skip the trip to Estonia and instead find out whether it was at the request of the People's Alliance that the Soviets are hinting that there are nuclear weapons in Iceland.

Icelandic leaders must respond diligently to the charges of the Soviet Government. It may think that its propaganda speech has been well received because the People's Alliance has endorsed it. This misunderstanding must be corrected immediately. It also must be made clear to the Soviet Government once and for all that its charges against Iceland can only sour the relations between the two countries. In this regard, it could be pointed out to Kremlin leaders that if these charges continue, they should be prepared to evacuate a large number of their embassy personnel from Reykjavik or to close down the NOVOSTI propaganda bureau in this country.

8743
CSO: 3111/39

PAPER CLAIMS COMMUNISTS HAVE TOO MUCH INFLUENCE IN CABINET

Reykjavik MORGUNBLADID in Icelandic 24 May 81 p 20

(Editorial: "Natural Sensitivity")

[Text] At a TV press conference with political leaders last Friday, Prime Minister Gunnar Thoroddsen was obviously sensitive to criticism about the great influence that communists have in his cabinet. It is natural that the prime minister should be sensitive about this matter because all cabinet activities have been characterized by this influence. It is wrong to blame the opposition for this trend in government, because confirmation of the communists' veto power on all major political issues came from People's Alliance leader Svarar Gestsson in a special letter to his party members, not from the government opposition. Foreign Minister Olafur Johannesson was the first to point out at the formation of the government that the communists had been granted too much power, which was not in keeping with normal government procedures. The foreign minister's comments on the matter in an interview with MORGUNBLADID yesterday are interesting.

Olafur Johannesson says that it is often convenient for the foreign minister to discuss activities at Keflavik Airport at government meetings, because of political reasons, even if they pertain to his particular sphere. But the People's Alliance's opposition to the presence of the defense base as well as Iceland's membership in NATO makes it difficult to do so. "Thus, it is clear that no one forming a government would give the People's Alliance veto power. He might just as well give the foreign minister's post to the party. Besides, no one outside the People's Alliance would be willing to accept the position of foreign minister if he were subject to its veto."

If the statements of the prime minister are viewed in light of the rumors voiced at the formation of the present government about turning the position of foreign minister over to the People's Alliance (and Olafur Johannesson said previously that he had not participated in the talks on the formation of the government), we can only draw the conclusion that Johannesson is of the opinion that the opponents of the People's Alliance made an unfavorable agreement at these talks. We should also keep in mind the words of Ragnar Arnalds at the People's Alliance party meeting at the time of the formation of the government. He said that the prime minister was a "captive" of the communists.

In order to dispel all doubts about the foreign minister's power to make decisions on renovating the fuel storage tanks of the defense base, a proposed Althing ruling on the issue had to be submitted. The communists' opposition to the issue has subsided in the Althing. They have acknowledged that it is legitimate to secure satisfactory working conditions for the defense base at the same time as the danger of pollution is averted and planning difficulties are decreased. The foreign minister is now supposed to see to it that these defense base activities are speeded up. It was not the government parties that swayed the communists in this matter; it was the initiative of the opposition. As Olafur Johannesson says in the interview with MORGUNBLADID yesterday, all the aspects of the new tanks must be regarded in perspective. The minister said, furthermore: "Of course it is also necessary to evaluate the requests of the defense army for increased storage space for fuel. Since the army is in this country, its equipment and accommodations must enable it to do its job." As the minister also mentioned, Soviet aircraft flights around Iceland have increased a great deal. The AWACS-radarplanes at Keflavik Airport and the fighter planes of the defense army monitor these aircraft, and their increased use requires more fuel, of course. The foreign minister's pessimism about the implementation of the construction plan for a new air terminal at Keflavik Airport during the reign of the present government is an indication of the dangerous consequences of granting the communists veto power. He calls the attitude of the Progressive Party's Althing members and other government parties "pigheaded" and unnecessary if they were really concerned about the future of the government, because the communists would have remained adamant even if a decision had been made to take out a loan for the construction. The head of the Progressive Party, Steingrimur Hermannsson, said in a TV interview last Friday evening that the air terminal would, naturally, be constructed. Now is Hermannsson going to put this into action while the Althing members of the Progressive Party are subject to the communists' veto power on the issue? Is he aware that the U.S. Government could cancel a grant of \$45-50 million for the construction?

Catering to the backwardness and eccentricity of the communists is one of the basic conditions for the coalition. The foreign minister, however, has escaped their veto power. The prime minister gets angry when the issue is brought up. The wishy-washyness of the head of the Progressive Party is reflected in his curiously unrealistic stand. The communists take advantage of their position to the utmost but back down when they are threatened by the government opposition.

8743
CSO: 7111/39

FOREIGN MINISTER DEFENDS DECISION ON BASE STORAGE TANKS

Reykjavik MORGUNBLADID in Icelandic 21 May 81 p 3

[Text] "There is nothing in the Foreign Affairs Committee's resolution that indicates that the storage tanks will not be in Helguvik or that there will not be an oil port located there. Storage tanks are always an oil supply port. The only thing it says is that I am in charge of solving the problems that the storage tanks have created and that activities are to be speeded up as much as possible," said Foreign Affairs Minister, Olafur Johannesson, when MORGUNBLADID spoke to him yesterday. As yesterday's news report indicated, the Althing's Foreign Affairs Committee passed a resolution calling for stepped up activity on the storage tanks. Olafur Ragnar Grimason voted for the committee's resolution with reservations.

A journalist from MORGUNBLADID spoke to Svarvar Gestsson, the head of the People's Alliance, yesterday and asked whether Grimsson's attitude could be interpreted as a change of the People's Alliance opinion on this issue. "This is the Althing party's position," said Gestsson. "We want the people in the southern peninsula to be rid of this pollution. This has always been our will, and we have always shown opposition to military activities."

Gestsson said furthermore: "This is just a confirmation of what I have said before; an agreement can always be reached if people are determined to solve the problems."

Olafur Ragnar Grimsson said that he had voted for the resolution with reservations for two reasons. First, because of the phrase "defense base," which he wanted changed to U.S. Army. The other reason, which concerned the execution of the project, he said he would explain during Althing discussions today. He said furthermore that Helguvik and the present location of the storage tanks were out of the question. "I have a place in mind and I will comment on it during Althing discussions."

8743
CSO: 3111/39

FOREIGN MINISTER DISCUSSES WIDE RANGE OF ISSUES

Reykjavik MORGUNBLADID in Icelandic 23 May 81 p 16, 17

[Interview with Foreign Minister Olafur Johannesson; date and place not specified]

[Text] "There was a broad consensus at the NATO Foreign Ministers Conference. There is definitely no disagreement between the U.S. Government and the governments of Western Europe," said Foreign Minister Olafur Johannesson when a newsmen from MORGUNBLADID spoke to him during the week. He was first asked whether there had been disagreement between the European representatives, on the one hand, and the U.S. Government, on the other, during the recent conference of NATO ministers in Rome, which was attended by the representative of the Reagan administration for the first time.

"A news release from the conference," Johannesson continued, "indicates that the ministers reaffirm the alliance's decision of December 1979 on the stationing of nuclear missiles in five European countries as protection against Soviet missiles aimed at Europe. The new defense system is scheduled to start operation in 1983. In addition to this reiteration, the statement was made again regarding the importance of renewed discussions between the U.S. Government and the Soviet Union on the limitation of nuclear weapons in Europe. The U.S. secretary of state, Alexander Haig, will discuss this issue with his Soviet counterpart, Andrei Gromyko, when they meet this fall at the U.S. General Assembly. Expectations are that disarmament discussions can start after that meeting and its preparations. If an agreement is reached on disarmament or a satisfactory arms verification, the NATO countries will not install their nuclear missiles.

"Of course there are always some differences of nuance when the ministers of 15 countries meet at a conference," the minister continued, "but the main part of the meeting took place behind closed doors, where only the ministers and the

regular representatives of the member countries participated. People are definitely worried about how things will develop in Europe, around the Mediterranean and in the oil-producing areas in the Persian Gulf."

[Question] You met with Alexander Haig privately before the ministers' conference. What did you talk about?

[Answer] Yes, we had a talk. Our discussions concerned general topics and did not involve Iceland in particular. Incidentally, I also met with Jimmy Carter's vice president, Walter Mondale. We met by accident at my hotel in Rome, where Mondale was also staying. He mentioned our meetings in Iceland and said that he was headed for southern Italy to investigate the situation in the earthquake areas and how American disaster aid had been utilized.

[Question] Did you and Alexander Haig discuss the air terminal issue?

[Answer] No. I didn't think it was necessary as the situation now stands. A provision in the government's platform clearly indicates that the People's Alliance has permission to bring developments to a halt. Since the Althing declined to grant a loan for the construction, which was a permit that would not have altered the People's Alliance's power to stop building, I am not optimistic about this issue during the term of this government. Icelanders will not construct an air terminal at Keflavik Airport if they have to cover all the costs. The U.S. Government would have contributed \$45-50 million to its construction. The difference between the new terminal and the one now in use at Keflavik Airport is that Iceland would provide a considerable amount of money for the new one, but previously no one had any scruples about receiving the present air terminal for free. Thus, times have changed, as far as people are concerned.

[Question] Elliot Richardson was here this week and explained his panel's ideas about the division of the ocean floor between Iceland and Jan Mayen. What do you have to say about this?

[Answer] As the newspapers have clearly indicated, the negotiating panel's proposals are different from what had been aimed at when the division of the ocean floor between Iceland and Jan Mayen was discussed. Scientific research reveals that the ocean floor in question is neither a part of Iceland nor of Jan Mayen but can be traced to Greenland. This research also indicates that it is easy to map out areas where oil could be found. The negotiating panel does not suggest that lines be drawn but that Norway and Iceland make a contract about the joint utilization of the areas where oil is likely to be found. Less than $\frac{1}{4}$ of the area is outside the Icelandic 200-mile limit, but a spur stretches into our legal zone, and it covers about $\frac{1}{4}$ of the area for mutual use. We should bear in mind that there are only 90 miles between our 200-mile limit and Jan Mayen, so it is understandably difficult to draw lines of separation in that area. I think this is a sound basis for discussions between the two governments. The suggestions of the negotiating panel were well received by the political parties and the Foreign Affairs Committee. Norway is also of the opinion that this constitutes a basis for discussions.

[Question] Will negotiations be finalized in the near future, or is it possible that they will have to wait until the September parliamentary elections in Norway are over?

[Answer] At this point I cannot say when the governments will start working on the issue. It would be a good idea if negotiations could be finalized before the elections in Norway, because the present administration there is thoroughly acquainted with the issue.

[Question] How are the discussions on fishing with the EEC coming along?

[Answer] Our delegates met with EEC spokesmen in Brussels on 29 April. We stressed our viewpoints at that meeting and so did they. To state the main points, we suggested that we discuss together a basic accord on fish conservation, fishing and a division of quotas. We want permission to catch capelin, shrimp and carp within Greenland's jurisdiction. Moreover, we want the alliance to acknowledge that we should determine the maximum catch of the capelin moving from here into the territorial waters around Greenland. They consider it out of the question to grant us this authorization. In the beginning of the discussions they said they could not talk about the division of the quota until a basic contract had been made. Later, they changed their mind and said they were ready to see whether the basic contract and the division of the quota could not be discussed at the same time. Ichthyologists will now concern themselves with the quota division, and the delegates will meet again at a conference in July.

[Question] The EEC is not ready for such agreements unless they are reciprocal. What can we give them in return for fishing permits in their territorial waters?

[Answer] When we consider reciprocity, several things could be mentioned. For example, they are interested in securing permission to use Icelandic harbors. It is premature to comment on this at this point.

[Question] Belgium is a member of the EEC, and we have a fishing treaty with that country. How does that tie in with this issue?

[Answer] They want the Belgium treaty to be included in the accord with the community, but we want to keep it outside, although it would be alright to look at it when reciprocity is taken up.

[Question] What are your thoughts on the Madrid Conference, where peace, security and cooperation in Europe are being discussed in light of the 1975 Helsinki Treaty?

[Answer] When the sessions of the conference were postponed before Easter, the nonaligned countries had submitted disarmament proposals calling for the reconciliation of viewpoints between the so-called Polish proposal of the Eastern European countries and the French proposal, which was supported by the Western World. The conference started again on 5 May. Progress is slow, but

people seem to be a little more optimistic now than before about whether the conference will not be in vain and that a joint declaration will be issued and another meeting scheduled in a couple of years.

[Question] Don't you think that the slowness of this conference, which has been going on much longer than anticipated, is an indication that the era of detente is over?

[Answer] It has been difficult to put detente into practice. But what other options do we have? If the arms race continues, it can only result in disaster. Many issues aside from disarmament proposals are being discussed at the Madrid Conference. Those issues will eventually be taken up at a special conference. These issues are not developing at the same pace. For example, the Eastern bloc is unwilling to discuss human rights issues, as it considers them to be a domestic issue. The Western World, however, refers to the Helsinki accord and wants human rights issues to be investigated pursuant to its provisions. They also want to investigate how relations between East and West have developed in the media and individually since 1975.

[Question] I would like to digress from the main foreign affairs issues we are now discussing and ask you why you said at one point that a secret agreement had been reached when the government was being formed.

[Answer] It is not uncommon to make a deal on special points when governments are formed. On the other hand, such deals cannot apply to all cases because in that case all other deals would be unnecessary. As far as activities at Keflavik Airport are concerned, I have this to say: The platform of the present government clearly stipulates that all members of the government must agree on a program for a new air terminal at Keflavik Airport. The platform of the government that was formed in 1978 called for unanimous agreement before major projects were initiated in connection with the military base. It was, therefore, a powerful tool of protest. There is no doubt that activities at Keflavik Airport fall under the sphere of the foreign minister, although for political reasons he considers it appropriate to discuss them at government meetings. It is difficult to do that in this government, since the People's Alliance is opposed both to the presence of the U.S. Army and to Iceland's membership in NATO. From this it is clear that no one forming a government would give the People's Alliance veto power. He might just as well give the foreign minister's post to the party. Besides, no one outside the People's Alliance would be willing to accept the position of foreign minister if he was subject to its veto. Coalition governments are, of course, based on shared advice and cooperation as much as possible.

[Question] It appears as if a change of policy has taken place within the People's Alliance, regarding the construction of new fuel storage tanks for the U.S. defense base, to judge by the stand taken by Olafur Ragnar Grimsson, the Althing party leader, in the Althing Foreign Affairs Committee, as well as by the party's stance in the elections last Thursday. Can you explain the reason for this change?

[Answer] I am not going to come up with explanations of Olafur Ragnar Grimsson's frame of mind. He can do that himself. I hope he has seen from the papers that were submitted on Helguvik that the requests were such that they were hard to refuse. I understand that he considers it necessary to remove the tanks and find another location because of the danger of pollution and for planning reasons. The Althing decision does not say anything about a location for new tanks. But this issue must be viewed in its entirety. No final decisions have been made about the construction of new tanks in Helguvik. Soil studies will be conducted this summer, and they could be important. I for one have said that I think Helguvik is too close to a residential area. I think the location has to be studied very carefully before decisions are made. Helguvik has been discussed based on recommendations from town councils near the Keflavik Airport and proposals from a committee that was set up to work on this issue. Some specialists feel that the bay is the most appropriate location, and final research takes place this summer.

But as I said, the issue must be viewed as a whole. It is not enough to move the tanks; piping must be installed between them and the airport. These pipes can crack even if they are underground. Therefore, the location must be selected very carefully. Of course, we also have to consider the requests of the defense base for larger storage for fuel. Since the army is in this country, it must be equipped to do its job. Several changes have taken place at the defense base since the original tanks were constructed. The fuel requirements of new airplanes are greater than those of older planes. Moreover, the defense army wants to discontinue its fuel storage in Hvalfjordur. All this must be weighed and measured. I will not respond to the defense base until that has been done. So far, I have not agreed to their requests. I have agreed to draw up a blueprint.

[Question] Will the blueprint be done by Icelanders?

[Answer] I have emphasized that Icelanders should be able to participate. However, this project is funded by NATO's construction fund, which covers 60 percent of the costs, and the United States, which pays the rest. The finding of the committee that worked on the issue is that the project could take 7 to 10 years, as long as the supply of funds and workers does not disrupt the balance in this country. Pursuant to the Althing resolution, I will, of course, try to speed things up. But whether I will succeed or not, I cannot say at this point.

[Question] Doesn't it seem a bit odd to rush this project when the construction of a new air terminal is being delayed?

[Answer] This is a project that Iceland does not have to fund, and it is probably necessary. But personally I would have liked to see the construction of the air terminal earlier, as it is a precondition for the separation of international flights from the activities of the defense base. I for one do not understand the stubbornness of the people who are blocking the construction of the air terminal.

[Question] Weren't the Progressives saving the government when they voted against a loan grant for the air terminal?

[Answer] Yes, they thought they were saving the administration, but the People's Alliance would not have moved a finger. Such an agreement does not disrupt a government. Besides, the ministers of the People's Alliance had the power to halt the issue within the administration.

[Question] Finally, Mr Minister, Svarthofdi wrote in VISIR last Monday that a secret file was in your hands and in the hands of the prime minister concerning greatly increased Soviet activity around Iceland and even in the country itself. What do you have to say about this?

[Answer] I don't know what Svarthofdi has written. But the admiral at Keflavik Airport, the head of the defense base, has sent me a report that includes information on the flight routes of Soviet aircraft over Icelandic territory. There has been a considerable increase, but the aircraft of the defense base intercept these Soviet planes. That is no secret.

8743
CSO: 3111/39

CENTER, LIBERAL PARTIES CONTINUE TO LOSE VOTERS TO MODERATES

Stockholm SVENSKA DAGBLADET in Swedish 24 May 81 p 2

[Commentary by Gunnar Andre: Winners Become Losers]

[Text] Thus, the Center Party and the Liberal Party together--and alone--won the race for government power. But, as shown by today's SIFO (the Swedish Institute of Public Opinion Research) poll of great immediate interest, they lost a large number of voters.

This should not have come as a surprise to anyone, because history is repeating itself. And that is, above all, also what some voters seem to be doing...

Similarities in Relation to 1978

Those who remember how public opinion shifted after the breakup of the first three-party government in August/September 1978 (the formal termination date was October 5) will see the following similarities: Winner in the public opinion was then, as now, Olof Palme and the Social Democrats. In 1978 the increase for the Social Democrats was 2 percent, now a full 3.

Winner was then, as now, also Costa Bohman and the Moderates, last time by 2 percent, now--compared to the SIFO figure for March (that is before "the wonderful night")--by 3 percent.

Loser was then, as now, the retiring Prime Minister Thorbjorn Falldin and his Center Party. Then, the party in a short time lost 3 percent of the electorate, now the loss seems to stop at half of that figure but the Center Party still has to face its lowest SIFO figures ever.

But here the similarities come to an end, and the reason is closely related to the Liberal Party and to the party's own actions. In short, it concerns the allocation of the burden of guilt resulting from the recent events. The politicians' problem is often that the voters do not allocate guilt in the same way as the politicians want them to.

The Liberal Party: Up Then, Down Now

In the crisis of 1978 the Liberal Party and not least Ola Ullsten came out as

something of a "catcher in the rye", seemingly innocent to what had happened and assuming responsibility.

The SIPO figures zoomed up like a rocket, to 18.5 percent in March 1979. That eventually nothing came out of this has several reasons, but one thing that Ullsten (and others) should have learned from that time is that "you do not get any votes by trying to cling to power."

Ullsten's aversion against straight talk, during the election campaign in 1979, if he intended to retire afterwards or not, injured the reputation of the Liberal Party leader more than many other things taken together.

Now we see, from the "mini-analysis" performed by SIPO-manager Hans Zetterberg during the 3 weeks of crisis, that when the Moderates left the government (May 4) the support for the Center Party (meaning Falldin) dramatically decreased by a third of the remaining sympathizers as long as it was unclear if Falldin would resign or not. This is what it looks like in SIPO's tabular statement for the Parliament parties, week by week:

	April 22-28	May 6-12	May 13-19
Moderate Party	23.5	25.5	25.5
Liberal Party	8.5	8.5	4.0
Center Party	13.5	9	12.5
Social Democrats	49.5	51	52
Left Party Communists	5	5	4

It seems to be something of a mortal sin to cling to power, using the abstruse possibilities of the Constitution that are so far away from the average voter's sense of justice.

But when Falldin first resigned (May 8) and then, by receiving the reply that the Moderates would abstain from voting at the formation of a middle government (May 15), it became clear that the Prime Minister could succeed himself, several Center Party sympathizers who for a moment were in doubt obviously returned. Instead, the Liberal Party was blamed for the results.

But disregarding the strong fluctuations during the last weeks it can be determined that, since the government crisis became a fact at the end of April, the Social Democrats and the Moderates have advanced with, between them, 4.5 percent while the two middle parties have lost about the same.

That may be a more lasting result of the government crisis of 1981 than the sensational fluctuations during the last weeks.

A Dangerous Life in the Middle

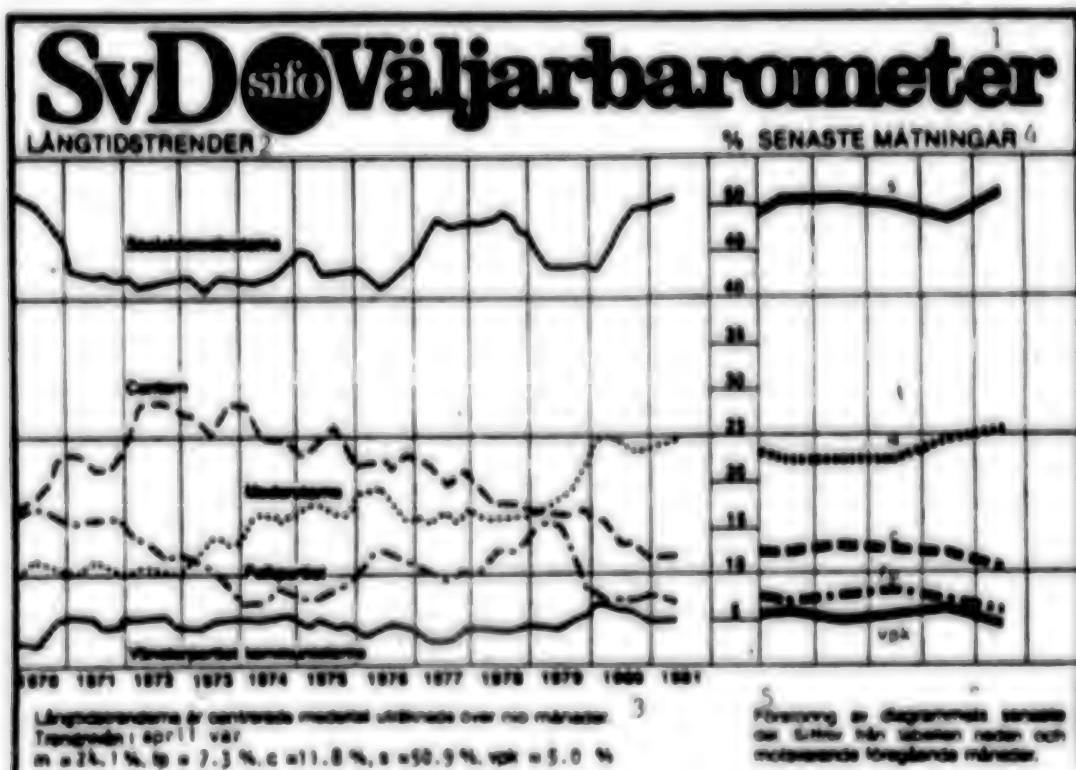
The Social Democrats have a pleasant time now, and also the Moderates. But the Center Party and the Liberal Party have great and difficult problems, greater than they ever believe if they still cling to the conception that governing as such gives "extra votes." This is not the case.

The greatest problem of the two middle parties is that even their own voters to such a large extent have been critical to the tax agreement with the Social Democrats, witnessed by another SIFO poll.

And how many voters who now doubt the middle parties' competence to govern will let themselves be persuaded about this before 19 September 1982?

Admittedly, among the middle parties' remaining sympathizers there is a majority which believes it was right to try to cooperate with the Social Democrats, but there are also--especially among Liberal voters--a large number of people who think it was wrong to enter into an agreement without first consulting the Moderates. Including also those who chose the Liberal Party as late as 1979, the result for Ullsten becomes utterly depressing.

If the Center and Liberal Parties do not succeed in the election campaign of 1982 to convince voters about the extraordinary qualities of the concrete tax reform--deductions included--that is intended to be the result of the agreement of April 24 this year with the Social Democrats, then, with certainty, the winners of the government crisis of 1981 will be the losers of the elections in 1982.



1. SvD/SIFO Voter Barometer
2. Long-term trends.

3. The long term trends are calculated as centered averages over a period of nine months. The trend levels, as of April 1981, were: Moderates 24.1%, Liberals 7.3%, Center Party 11.8%, Social Democrats 30.9%, Left Party Communists 5.0%

4. Latest Surveys.

5. This is an enlargement of the latest surveys in the left-hand diagram. The figures are taken from the table below and corresponding for earlier months.

Vilket parti tycker du om idag?

Antal intervjuer, 18-19 års medborgare ²	Maj 1981	12 Apr 13	Mars 14	Maj 1980	Maj 1979	Maj 1978
Moderat samlingspartiet ³	25.5	24.5	22.5	23.5	17.5	19.5
Folkpartiet ⁴	6	7	8	7	16.5	12.5
Centerpartiet ⁵	19.5	12	12.5	15.5	17	18.5
Socialdemokraterna ⁶	31.5	48.5	50	46.5	43.5	47.5
Vänsterpartiet/communisterna ⁷	4.5	6	5.5	6.5	4	4.5
Övriga partier ⁸	3	3	1.5	1	1.5	1.5
Rösterätta och partisympati	100	100	100	100	100	100
Procent av rösterätta och sexår eller äldre upptag partit	10.7	6	6.5	6	3.5	3
(Antal intervjuer) ¹¹	(1643)	(2019)	(2002)	(1512)	(1581)	(1490)

1. Which is your favorite party today?

2. Eligible voters, ages 18-17

3. Moderates

4. Liberals

5. Center Party

6. Social Democrats

7. Left Party Communists

8. Other parties

9. Total with party preferences

10. Percentage of eligible voters with no party preference or who will not reveal it.

11. (number of interviews)

12. May 1981

13. April 1981

14. March 1981

The interviews during the last month were made in the form of housecalls, May 6 to 19, 1981.

The answers were given as sealed ballots. In the elections in September 1979 the Moderates got 20.3 percent of the votes, the Center Party 18.1, the Liberal Party 10.6, the Social Democrats 43.2 and the Left Party Communists 5.6 percent. The voter barometer figures should, however, be compared with each other and not to the result of the election. The oldest of those eligible to vote were not interviewed, every party sympathizer does not vote and the tendency to vote varies between the parties. The figures are evened out to full or half percentage points.

little importance should be attached to changes from earlier established trend levels (see above under the diagram) that are smaller than 2 percent for the Social Democrats and 1.5 percent for the other parties. It should also be remembered that occasional changes in a series does not necessarily mark the beginning of a new trend.

9608
CSO: 3109/195

LABOR, OTHER PRO-SOCIALIST GROUPS BUOYED BY EVENTS

Stockholm DAGENS NYHETER in Swedish 31 May 81 p 2

[Editorial: Social Democrats at Cross Roads]

[Text] During the coming months the labor movement is going to decide on its goals and tasks during the eighties. The Metal-Workers Congress starts next Sunday, the following Sunday the Social Democratic Party Youth League congresses. Later during the summer follow congresses, *inter alia* held by the Federation of Government Employees, and in September, close together, the Swedish Confederation of Trade Unions and the Party itself.

This mobilization of the faithful and the already-convinced is made against the background of the failures of the non-socialists and high poll results for the Social Democrats. Everything leads up to a political radicalization. The movement will probably commit itself strongly to the wage-earners funds. SSU (the Social Democratic Youth League) will, according to the program declaration proposed by its board, demand socialization of land and forests, state take-over of the private banking and credit system, the energy sector, the defense industry and production of educational material. Ownership of the decisive means of production must "be put in the hands of the whole people", says SSU.

The crisis group of the Social Democrats under the leadership of Ingvar Carlsson did not succeed in getting support for the actions that would have meant sacrifices for large groups of citizens in the form of, e.g., less leisure time or reduced social benefits. That the movement is not prepared to seriously attack the cause of the economic crisis is also shown by the debate about the crisis program of the six Social Democrat economists, which has been published in the ARBETET in February. The upcoming congresses will probably be characterized by a rhetoric that has no real connection with the problems facing the nation. The wage-earners' funds will be described not only as a step towards economic democracy, but also as the only valid solution to the economic crisis. The emptiness of the program of action will be hidden by ideological discussions that ultimately mean that Sweden's problems will be solved if only the Labor Movement returns to power, politically and economically. That is roughly how the tune is played today in the party.

The Social Democracy has not until now seriously questioned the private owning of capital in industry and commerce. It have taken the private enterprise system for

granted and looked upon itself as a controlling and balancing power. The joint proposal from the Party and the Confederation of Trade Unions [LO] for wage-earners' funds has created a new situation. The socialisation thought, which earlier played an important role only in the powerless debate of ideas, as the abolishment of the monarchy and the demand for a one-sided disarmament, has become legitimate and respectable in the Movement. There is an upswing for this type of socialistic debate, which earlier was found only in magazines of the far left.

This could easily result in the Party quickly losing in confidence among large groups of voters and ending up in disastrous political isolation. Among the non-socialist parties the mistrust and the criticism of the Social Democrats are growing. It is becoming more and more difficult for those who realize the necessity in breaking the deadlock through cooperation across the border between the blocs to get their voices heard.

For the first time since 1976 the tax agreement of the end of April broke this negative pattern for an important economic issue. That event induced some hope that at least three parties would be prepared to assume joint responsibility and to try to eliminate the deepest reason for the crisis, the disagreement regarding the choice of course, following from the contrasts between the blocs.

The Social Democrats have for a long time urged Falldin and Ullsten to get rid of the influence from the right. But after the agreement they have acted as if they in every way wanted to punish the middle parties for their independence towards the Moderates. After a negotiated agreement the parties usually show each other some respect. Not so in this case. Kjell-Olof Feldt (Social Democrat) and others involved have set their minds to humiliate the Center and Liberal Parties by colorful descriptions of the agreement as a total victory for the Social Democrats, a capitulation from the Non-Socialists' point of view.

When the Moderates left the government as a result of the tax agreement the Social Democrats answered by demanding a new election. Without the Moderates participation in the government a parliament with a non-socialist majority could not work. When the middle co-governed with Bohman "it is stuck in the right-wing cage." When it tries to govern without Bohman it is incompetent and should be chased away.

Supported by a questionable interpretation of the Constitution the Social Democrats demanded Falldin's resignation so that the Parliament could reconsider the Prime Minister issue. By doing so they created a situation where Falldin was forced to negotiate with the Moderates about the new government policy. After that they could again paint the picture of the middle as prisoners of the Moderates.

Yet, it all started with the middle reaching out for cooperation. We hope for new attempts, even if the picture is dark.

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CSO: 3109/195

EDITORIAL DISCUSSES LIBERALS' WAYS TO STEM SDP GAINS

Stockholm SVENSKA DAGBLADET in Swedish 24 May 81 p 2

[Editorial: "The Art of Being a Liberal"]

[Text] The new government in-the-middle did not get a successful start: a bland government declaration, missing the chance to strengthen the ministerial group and receiving a stern verdict measured by the voters' opinion according to SIFO [the Swedish Institute for Public Opinion Research].

The SIFO polls during this spring present together a rather distinct trend. The middle has received clear messages that a large part of its constituency has found the policy of the Moderates more straightforward and more trustworthy. Now, the government parties are approaching the point where destructive internal debates about their leaders' excellence usually start--the parties are now dangerously close to losing half of their voters compared to the election results.

But there is no time for drawing the obvious conclusions about the leadership of the middle. The government has to start governing now and in the fall the pre-election campaign begins.

The middle parties have themselves fallen into the hole they dug for the Moderates. Naturally, a middle party strategist sees the low poll figures as a turning point--now the climb up from the pit is to begin. But not even the most thick-skinned tactician, and of these there are quite a few in the middle, could believe that the situation is the same as when the Moderates at earlier occasions have been out-maneuvered.

The outcome of the middle's dribbling during the spring turns the nonsocialist opinion mainly against the left-wing liberals in the Liberal Party. Their theses that there should both exist a distinct political middle-flavored identity and also that by this it would be possible to lure voters away from the Moderates and the Social-Democrats seem, for each poll, to be more and more unjustified. Of course, the government parties now hope that the actual possession of power will give them the opportunity to expose their middle identity clearer and, as the saying goes, hope is the last thing to leave a man, next after his dog.

The foremost possibility to show a distinct profile for the middle is provided by the tax issue, where the agreement with the Social Democrats is considered a weapon.

Even a time bomb is a weapon, the only question being where it will explode. Does it appear to be very likely that the upcoming tax bill, based on the agreement with the Social Democrats, will make the voters who this spring have gone to the Moderates return to the middle in a year's time? Can the Liberal Party lure voters back from the right by moving to the left? Why should the many Social Democratic sympathizers suddenly vote for a non-socialist party which wants to implement a Social Democratic tax policy? The contradictions in the tactics of the middle could be stacked in high piles.

Much of the political war is, of course, about trust, confidence in leaders and the degree of consistency they provide to the picture of their policies. Behind this game is, on the non-socialist side, a wider dimension of more long-ranging consequences of their actions: the battle about liberalism, in its economic function as belief in the market place, in its political function as trust in the individual, in its more general function as the ideology of freedom.

This fight has taken place between the Liberals and the Moderates--the Center Party could hardly, during its period of return to a corporate party, be said to have participated--and the question is if the Liberal Party during its present leadership is able to keep up the fight. If the strength weakens, the united resistance against socialism also loses.

It is an art being a liberal and in that art the present Liberal Party leadership has badly taken care of their inheritance from Bertil Ohlin. The last spring has underlined that liberalism is not a question of taking positions on a right--left scale.

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July 1, 1981